

THE GENERAL SERVICES ADMINISTRATION AND THE NATIONAL PERFORMANCE REVIEW

4. P 96/10:S. HRG. 103-305

The General Services Administration... RING
BEFORE THE
SUBCOMMITTEE ON
WATER RESOURCES, TRANSPORTATION, PUBLIC
BUILDINGS, AND ECONOMIC DEVELOPMENT
OF THE
COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
ONE HUNDRED THIRD CONGRESS

FIRST SESSION

SEPTEMBER 21, 1993

Printed for the use of the Committee on Environment and Public Works



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THE GENERAL SERVICES ADMINISTRATION AND THE NATIONAL PERFORMANCE REVIEW

TUESDAY, SEPTEMBER 21, 1993

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON WATER RESOURCES, TRANSPORTATION,
PUBLIC BUILDINGS, AND ECONOMIC DEVELOPMENT,

Washington, DC.

The subcommittee met, pursuant to notice, at 10:06 a.m. in room 406, Dirksen Senate Office Building, Hon. Howard M. Metzenbaum [acting chairman of the subcommittee] presiding.

Present: Senators Metzenbaum, Reid, Boxer, Warner, and Smith.
Also present: Senators Chafee, Simpson, and Faircloth.

OPENING STATEMENT OF HON. HOWARD M. METZENBAUM, U.S. SENATOR FROM THE STATE OF OHIO

Senator METZENBAUM. We welcome our witnesses this morning. Today's hearing will spotlight the administration's plans for reforming the way GSA leases and builds courthouse and general office space for Federal workers. This is one Senator who is absolutely delighted by the administration's recommendations to shake things up at the General Services Administration. As the principal agency responsible for taking care of the Federal Government's housing needs, GSA needs to be shaken from top to bottom.

This agency is responsible for billions of dollars worth of real estate. GSA spends over \$5 billion annually to acquire land, construct buildings, lease space, and repair and maintain property. Its Public Building Service alone controls nearly 260 million square feet of office space in over 7,700 buildings around the country. That's 6,000 acres of floor space. That's a lot of floor space. No private real estate company comes close to having such holdings.

Yet for too long GSA has been a bastion of conflicting and convoluted policy directives and wasteful spending practices. It has been an entrenched bureaucracy, and its actions have cost taxpayers dearly. Look at the record. GSA has proposed the construction of costly new Federal centers in areas with commercial vacancy rates as high as 30 percent. GSA has entered into costly new long-term leases instead of purchasing bargain-priced buildings for sale by the RTC or FDIC. And instead of telling judges to tighten their robes, GSA has recommended the construction of Federal courthouses rivaling the Taj Mahal that are needlessly expensive and overdone.

Millions of dollars—maybe billions of dollars—have been wasted or lost due to ineffective and non-competitive practices and procedures utilized at GSA. Problems at GSA have been exacerbated by the lack of consistent leadership at the top. Indeed, GSA has had a revolving door at the top which has been on fast-forward. In the past 16 years, GSA has had 14 different administrators. Taxpayers and the Federal workers who sit in Federal office space deserve better.

But it looks as though things are about to get better. Change is coming. We now have an Administration that is committed to reinventing Government to make it work in a more businesslike, cost-effective manner. GSA is one of its prime targets. And finally we have someone at the helm of GSA, who's with us today, who seeks to ensure that GSA's new construction, renovation, and lease projects are justified and represent the best way to spend tax dollars. I couldn't be more pleased. I'm frank to say that actions speak far louder than words, but we're looking forward optimistically to the leadership of Mr. Johnson.

The thrust of the Vice President's performance review recommendations are right in step with what I've been saying for some time. By making the Government acquire and manage Federal real estate in a more businesslike, cost-effective manner, we will save millions—maybe actually billions—of tax dollars. I'm very interested in the particulars of the National Performance Review Report as it relates to the GSA's real estate activities.

Among other things, the NPR Report calls for putting a hold on Federal acquisition of net new office space. Last week GSA Administrator Johnson said he would review whether to go forward on 188 new construction, modernization, and leasing projects to help implement this overall cap on Federal office space. I welcome the review, but I'm frank to say that time is of the essence. Some are moving forward and taxpayer dollars are being spent as we meet here. We should know how each of the 188 pending projects at GSA fit into the Federal Government's overall real estate portfolio. It's crazy to plunge ahead with costly new buildings at the same time the President is announcing plans to downsize the Federal work force.

I welcome the time out, but let me stress one point. As GSA examines how individual projects fit into the Government's overall housing plan, I urge the agency to closely scrutinize individual projects for unnecessary and costly add-ons. GSA must get out the knife and trim away the fat in projects that GSA decides to move forward on. There is no justification for GSA leases or construction projects providing 350- to 400-square foot parking spaces when the private sector average is 300 square feet for a parking space. There's no justification for building floors in Federal buildings with 100-pound load limits when the private sector builds them at 70 pounds. And there's no justification for building courthouses with 18-foot ceilings when 16- or 14-foot ceilings would do.

These extras may be nice. They may be great. They may make Federal judges feel good. They may make many in the Federal Government feel very pleased to have larger offices and bigger offices and fancy offices. But they cost money, and we cannot afford them.

Let's stop the business-as-usual mentality around here. Let's roll up our sleeves and fix the way the Government goes about meeting the real estate needs of its work force. I hope Mr. Johnson will tell us how we can help make GSA operate more effectively.

The Environment and Public Works Committee has jurisdiction over GSA's prospectus-level projects. The committee has either already authorized or is being asked to authorize many of the projects which GSA says are now under review. In fact, the 1994 Appropriations Act, which funds GSA, includes money for the construction of 17 new courthouses. An amendment that I added to that appropriations bill, with support from a number of other Members of this committee, subjects these and other prospectus-level projects in the bill to a review by the Senate Environment and Public Works Committee.

Under the amendment, we must take action on the projects—either approve or disapprove them—by February 1st or funding will go forward. GSA must work with this committee to help us avoid bumping into that deadline. We must stop what needs to be stopped and move ahead on worthy, cost-effective projects.

I'd like to comment on another directive set forth in the National Performance Review. The Vice President is recommending ending GSA's monopoly on real estate activities. He has recommended that agencies be turned loose to lease office space directly from the private sector. The theory behind this is that increased competition will lower costs for Federal office space. That sounds good, and it might work, but I think we need to know more. It wouldn't be wise to turn agencies into mini GSAs which could go out and secure unnecessary or costly space for themselves. How does the administration envision the process working? Will there be effective oversight of the individual agencies' real estate activities, and when are you and the administration ready to move?

I will have additional questions on this and other matters relating to the specifics of the National Performance Review recommendations, but let me end my comments with a more general observation. I want to reform GSA's real estate policies and procedures, and I will very shortly introduce a bill on that subject. I believe it will have bipartisan support. In other words, contrary to the new story that appeared in last week's Washington Post about GSA's upcoming review causing a showdown with Congress over pet projects, there are many of us here who feel very differently. There are many of us who are firmly committed to reducing wasteful spending on Federal real estate and want very much to work with GSA to achieve this end.

Senator METZENBAUM. Senator Warner?

OPENING STATEMENT OF HON. JOHN W. WARNER, U.S. SENATOR FROM THE COMMONWEALTH OF VIRGINIA

Senator WARNER. Thank you, Mr. Chairman. I'm anxious to hear from our witnesses, so I'll be very brief. I think the Chairman has enunciated Republican goals very well, and now it's up to the Democrats to implement them. You're very well qualified, with your background, to give an objective and fair appraisal of this situation and to implement those portions of the National Perform-

ance Review Report which you think are appropriate. I intend to try and personally support you.

I am concerned, however, that much of your jurisdiction ultimately relates to persons who are employed in the Federal Government, and I've prided myself in the years that I've been privileged to serve in the Senate—some 14 now—to be a watch dog for their personal safety, their welfare, and their working conditions. So I hope you will bear that in mind as you proceed with your responsibilities.

[Senator Warner's statement follows:]

**STATEMENT OF HON. JOHN W. WARNER, U.S. SENATOR FROM THE
COMMONWEALTH OF VIRGINIA**

Mr. Chairman, I want to thank you and the committee for scheduling this hearing today to allow the General Services Administrator to present his views with respect to Vice President Gore's national Performance Review Report.

I welcome Administrator Roger W. Johnson to our committee today. I look forward to hearing this presentation before the committee with respect to the reforms he has proposed as presented in the National Performance Review Report.

I am well aware of the various projects which the Administrator will be reviewing in the National Capital Region. I want to work with him to ensure that all these projects are justified and tax payers dollars are spent wisely.

Thank you, Mr. Chairman. I look forward to hearing the presentation by Administrator Johnson.

Senator METZENBAUM. Thank you, Senator Warner.

Senator Reid?

**OPENING STATEMENT OF HON. HARRY REID, U.S. SENATOR
FROM THE STATE OF NEVADA**

Senator REID. Thank you, Mr. Chairman. The plan to reinvent Government specifically called for a hold on Federal acquisition of net new office space. Last week Administrator Johnson announced the agency, GSA, will review whether to go forward with the 188 planned building projects, including two Federal courthouses in Nevada. In making the announcement, the administrator stated "The Building Program is under attack from all sides—the Congress, public, and industry." The suspend-and-review policy will give GSA the opportunity to review over \$7 billion in proposed projects to determine if the proposals are indeed justified. I commend Mr. Johnson for his initiative, as this is indeed a monumental undertaking.

I've served on this committee since I was elected in 1986, and I've been a participant in efforts to address deficiencies in the way Federal space is leased or managed. Certainly, we can't afford to spend scarce Federal resources, as you've indicated, Senator Metzenbaum, on unnecessary structures. But it is imperative that the review be conducted in a timely and fair manner. We cannot be penny wise and pound foolish. A new Federal structure may in fact be far more cost-effective in the long run.

I first, Mr. Chairman, got interested in this when I came to realize that in Las Vegas we are paying rent of about \$1 million a month for Federal buildings, and for \$1 million a month the Federal Government can build a lot. GSA leases now 500,000 square feet of space for its tenant agencies at a cost, as I've indicated, of almost \$1 million a month, and this is going up as we speak with

the tremendous growth in the Las Vegas area. Over a 20-year period, the Government will have spent almost \$200 million for this space if there was no further growth in the Las Vegas area. So this doesn't include the cost of expansion space or rent escalation over that period.

It's also important to note that the population of Clark County, in the Las Vegas area—by eastern standards it's not much—by the end of this decade—by western standards, it's significant, especially by Nevada standards—the population of Clark County, where Las Vegas is, will exceed one million people. Between 1988 and 1998, Nevada's population is expected to double, continuing through the decade as the fastest-growing State in the country. This mounting burden on district courts in Nevada and other Federal services clamors for relief.

Mr. Johnson, I have been to, for example, the Immigration and Naturalization Service's offices recently. I have no way of describing it. You would have to see what they live with. They are jammed—I mean, the fire department would not pass this facility. People are jammed into very small spaces. A person has to get up for another person to walk by. So I think it's great, and I support it wholeheartedly that we're looking, and you need to check to find out if there's space being built that's unnecessary. But I would invite you and your staff to take a look at, for example, the Immigration and Naturalization Service office in Nevada.

There are some things that are going to be downsized, but we're not going to downsize the number of district court judges we have in the United States. One of the biggest businesses, one of the most burgeoning businesses we have in America today is the criminal activity. The judges in Nevada are crying for new judges. We're already three behind. So the two Federal courthouses that are going to be built in Nevada, it's important to be built. The one in Reno, the plans have already been approved, and literally they're waiting to break ground.

In southern Nevada, because Las Vegas doesn't want to have the same problems that are present around much of America, the City of Las Vegas has agreed to give an extremely valuable piece of real estate to the Federal Government. It's a large facility right downtown that the City of Las Vegas has agreed to give to the Federal Government to keep the courthouse downtown, just like they did with the county complex. All they want is the General Services Administration to, during the period of time that they're going to be going over plans as to what they're going to build there, do something so it's aesthetically attractive. That is, it was an old construction site, and all the pollutants have been taken out of the ground. What the city wants is for the Federal Government to landscape that—desert landscaping or anything else. If we don't do this, we're going to lose millions of dollars right off the bat.

If in fact there was never anything built there, Mr. Chairman, it would be a great investment for the Federal Government. We could take it and sell it, which I hope no one from the City of Las Vegas hears me say that, which I'm sure we won't do. I know that something needs to be constructed. But we've got to move on that quickly or the City of Las Vegas is going to withdraw their offer to give it to the Federal Government.

So I'm happy that we're looking at the 188 facilities, but I think extreme urgency indicates we've got to do something with what's going on in southern Nevada and northern Nevada because of the tremendous burden that we have paying rent and the fact that we may lose that property.

So I look forward to this hearing. I look forward to working with the General Services Administration and the GSA task force as this review is conducted. Thank you for this opportunity to present my concerns.

I would say, Mr. Chairman, that I'm not going to be able to stay during most of the hearing because I have another hearing with Senator Johnston, but I am extremely interested in what Mr. Johnson will say, Judge Broomfield, and Mr. Gadsby, the Director of the Government Business Office, General Accounting Office.

Thank you very much.

Senator METZENBAUM. Thank you very much, Senator Reid.

Senator Simpson, we're very happy to have you with us, and I might say publicly that Senator Simpson, Senator Boxer, and I have worked on a task force appointed by the Chairman having to do with the GSA, and I want to say publicly how much I appreciate the total cooperation we've had from Senator Simpson. We've worked together as a real unit, and there's been no political division. It's just been a question of all of us trying to get the most for the dollar, and I appreciate your cooperation.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, U.S. SENATOR FROM THE STATE OF WYOMING

Senator SIMPSON. Mr. Chairman, it has been a great pleasure to work with you and Senator Boxer on this task force on the various implications of the GSA, and I mean that. You have been vigorous and very able in that, and it isn't partisan. In fact, some of the most egregious difficulties, at least with scoring, have led us to more leasing and less ownership, which is what Senator Moynihan and I were trying to avoid back in the early 1980's, and I think we bumped up to 70 percent ownership. Then suddenly, because of the intriguing efforts of the OMB under a Republican Administration, with their scoring activities, we went back into a mode of leasing where ownership dropped down to 40, and I think it's up to about 55, and all that was done by very creative bookkeeping.

So it isn't a partisan issue, and I think that this gentleman and this woman know what has to be done, and I'm impressed at what they tell us as to what they are going to do. So I thank you, and I do want to ask a question, and if that's not appropriate at this time, you just—

Senator METZENBAUM. No, you go ahead, Senator Simpson.

Senator SIMPSON. That will be a question I will ask about scoring, and I think that's been resolved. That alone, Mr. Chairman, will save us a great deal of waste, and then the issue of that dazzling little thing in the statute, section 11(b), a wholly misused and grotesque little procedure where a Congressperson suddenly gets a vision, just before election, of what's needed within their district in the way of some type of magnificent construction, and then it

comes to pass because they've ragged the poor old GSA guy right out of his chair, or hers. That's got to stop, and it will.

The pleasant thing is we know what's up, and we're learning more all the time, and that's got to be good. It will be good for these people as we deal with real estate, flexibility, and all the rest of these things. So it's a great pleasure to be part of it, and I'll look forward to the hearing.

Senator METZENBAUM. Thank you, Senator Simpson. If you know that the problem of scoring has been resolved, you're better informed that I am, and we will get into that, because I think that is a major issue.

Senator Smith, we're also pleased you're here.

OPENING STATEMENT OF HON. ROBERT SMITH, U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator SMITH. Thank you, Mr. Chairman, and I appreciate your leadership on this issue. I might say to my colleague from Wyoming, if it is stopped, it will certainly be a surprise to this Senator, but it will be a pleasant surprise, I can tell you that.

I'm very encouraged, Mr. Johnson, to hear about the administration's plans and your plans to streamline Government programs and eliminate unnecessary waste wherever it is, including New Hampshire. You'll have my support if there is waste there in any project. Wherever it is, it needs to be eliminated, and I will support you along those lines. So we're looking forward to your testimony.

I do have a couple of questions, when we get to the questions, Mr. Chairman, regarding some of the criteria, especially in the area of suspend and review, but I'll wait until the questioning. Thank you.

Senator METZENBAUM. Thank you very much.

Senator Faircloth, we're happy that you're here this morning.

OPENING STATEMENT OF HON. LAUCH FAIRCLOTH, U.S. SENATOR FROM THE STATE OF NORTH CAROLINA

Senator FAIRCLOTH. Thank you, Mr. Chairman. I appreciate you letting me be here today and the work you have done in this area.

I am here today as a supporter of the National Performance Review proposal to freeze construction projects pending a review. I'm interested in this because in a project currently proposed for North Carolina, the Environmental Protection Agency was to consolidate its North Carolina operations into a new 636,000-square foot lab and office center. The buildings that they have now are less than 20 years old. When we are currently going in debt at somewhere around \$1 billion a day, I don't think we can justify spending somewhere around \$300 million for a new building for the EPA. I consider this project a waste of hard-earned taxpayer money.

It has been a total surprise to me, as a freshman Senator, just how hard it is to stop this type of wasteful spending. You hear about stopping spending. That's what I ran on. But the momentum of the bureaucracy is unbelievable when they set their mind to something, and the figures that they can come up with to justify it

are unbelievable, and, of course, they aren't believable. That is exactly how we've spent ourselves into a \$4 trillion debt.

When the GSA originally looked at this project in 1991, it was projected to cost \$159 million. Now, they have not turned one spade of dirt, and 1991 was not exactly ancient history. It's now, according to their figures, \$262 million. That's a \$103 million increase in two years, and officials at EPA have told me privately that they now expect it to cost over \$300 million. That's \$412 to \$450 a square foot. Over 50 percent of it's office space. Believe it or not, this is a newsletter publication from EPA, Mr. Chairman, and I quote from it: "After already spending over \$10 million, the agency might soon have actual drawings, sketches, and models of the facility." They might have these after spending \$10 million. A real bargain.

Mr. Chairman, my office and others have found serious mistakes in the cost justifications done by the Army Corps of Engineers this Spring, and I understand your own recommendation to the project did not refer to the Corps' cost analysis. Your own analysis, however, is now \$103 million out of date and probably getting out of date at roughly \$1 million a day.

I respect the fact that you have inherited the project. It was not born in your department, but you've got it and cannot answer the specifics of how it received the endorsement of the GSA. I hope that means the forthcoming review will honestly address the taxpayers' interest in seeing that projects like this one are stopped unless they can be proven cost-effective by you and not some agency selected by the group that wants the project.

Just to transgress one minute, Senator Warner and I have discussed the building on Pennsylvania Avenue. It has been recycled mentally now about four or five times to find a use for it. It's a 60-foot hole in the ground that we are slowly beginning to fill up with \$1 billion of taxpayer money. We have, the Federal Government—if you took all of the office space in the 10 largest cities in the United States, it would not be equal to what the Federal Government now occupies.

I heard the Senator from Nevada, and I can't speak for his building. But I want to end with just a brief, bucolic analogy. Mr. Chairman, there was this man that lived across from the church, and one day church turned out, and it was raining and the entire congregation went to his house, and one of the members announced to him "You don't have enough chairs." His reply was, "I have plenty of chairs. I have far too much company."

[Laughter.]

Senator FAIRCLOTH. We have plenty of office space. We've got far too many people. Thank you.

Senator METZENBAUM. Thank you very much, Senator.

Senator REID. Mr. Chairman?

Senator METZENBAUM. Senator Reid?

Senator REID. One thing that I wanted to mention that I didn't is that in regard to your statement, I think it's well that we look at what we're building. I think that's important. But I hope we don't go on the cheap, so to speak. I was in Warsaw, and right after the war the Soviet Union built lots of buildings, and they built them

real cheap. They all look the same. They're the ugliest things I've ever seen constructed.

I would hope that this Federal Government doesn't go for what's the cheapest. I think the room we're meeting in and many of the rooms that we meet in here in the Capitol complex are beautiful rooms and buildings. I think it's important that we maintain quality. I personally would rather have less and do well with what we build, and, I repeat, I hope that we don't go for the cheapest we can find for those buildings that are eventually approved by the GSA.

Senator METZENBAUM. I don't think anyone's suggesting that, Senator Reid. I think we're suggesting that the Government doesn't always get full value for its dollar. I think that we're suggesting the Government doesn't estimate very well. I think we're talking about the fact that I remember having arguments with the GSA people about the 350 to 400 square feet of parking space for an automobile, absolute absurdity; dual ramps for the FBI agents so they can get out in a hurry. I mean, that's absolutely absurd. It's not realistic in today's world.

So I think what we're talking about is eliminating wasteful expenditure of dollars. We're not looking to build cheap.

Senator REID. I appreciate that.

Senator METZENBAUM. Well, Mr. Johnson, you've heard comments from a number of us here, and we're very happy to welcome you this morning. I'm particularly pleased that Ms. Stasch is with you. You and I and she have met before.

I want to publicly commend you for having changed the visions with respect to renting of property so that it could be done on a comparable basis, but to the standards used in the local communities. I think that was a major step in the right direction. You have not done the same thing with respect to purchases. I would hope that you would do the same in that area as well.

But let me give the floor to you. You've been very patiently waiting. We're happy to welcome you and congratulate you again on being in your position.

STATEMENT OF HON. ROGER JOHNSON, ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION, WASHINGTON, D.C., ACCOMPANIED BY JULIA STASCH, DEPUTY ADMINISTRATOR

Mr. JOHNSON. Thank you, Mr. Chairman, and thank you for your comments and your suggestions and your challenges. I appreciate it from each of you.

One parenthetical statement. I have found, Senators, that there is good support from your colleagues and those in the House. I look forward to being able to make some good progress here. I don't ascribe to what the Post said, that there is a general malaise or bad feelings. I don't think there's an adversarial relationship at all. I don't feel that, and we'll proceed on that basis.

I'd like to just make a couple of overall comments, set out and broadly address some of the questions that I think I've heard. I want to ask Ms. Stasch, who's the deputy and expert in real estate, to flush out a couple of the comments. But then basically we'll both speak very briefly. I really do want to get into an exchange where

we can get at some of the gut issues in a very specific sense. So if you'll allow me to do that, we will proceed that way.

First of all, the National Performance Review, which was released and recommended to the President over a week ago, is a process, in my view coming from private business, that's terribly substantive. I have been very impressed with its breadth, the depth of its coverage. I watched the Vice President sit for hours and hours going through what is, in most cases, considered to be a very arcane and, in some cases, inane process procedure. What's come out of this, I think, is substantively valuable and can help move the process of what we do in the Government a long way down the road of making Government work better and cost less.

Julia and I came relatively late in that process; however, we were able to take part in it quite vigorously. The Vice President asked me to do that. So I wanted you, Mr. Chairman, and others on the committee to know that the real estate section, the procurement section, which is not necessarily in this purview, parts of the financial section, and parts of the personnel section we have been actively involved in. In fact, Ms. Stasch was the author of many sections in real estate, I authored some of them in procurement. But we both wholly endorse it. So this is something that we are completely in step with and of which we were an integral part.

Underlying that NPR Report are, I think, two basic themes which may be more important even than the specific recommendations, at least in my view, because it's important to understand the thought process as well as specifics. The first one was something that we talked about during confirmation that I have found in private business and find as well in the Federal Government—that basically people in the Federal Government, Federal employees, as well as those suppliers and vendors who we work with, are honest people. They work hard. They want to do a good job, and they know what to do. They know how to fix things.

In the main, they've been working under an increasing yoke of additional rules, regulations, a process that essentially has been put in place, in my view, to stop something bad from happening. In the process, those layers and layers of things to stop bad things from happening in many cases have stopped a lot of good things from happening and, in some cases, have stopped anything from happening.

So my view is to work with you, Mr. Chairman, and others to try to get prudently those things out of the way which are unnecessary so that good people, good suppliers, can do what they know how to do in the first place.

One of the first specifics that we talked about during confirmation, and it seemed to be appropriate as we went through the first weeks of my tenure here, was the issue of the Public Buildings Program. I said during those hearings and then have confirmed recently that I saw under attack a Buildings Program from every single corner. I hardly was nominated by the President before I began getting phone calls and letters and who knows what telling me that either specific projects were wasteful, not needed, being done in an improper fashion, or that the whole process itself was leading us to wrong decisions.

There was enough of this criticism and attack that my experience said when I see that much smoke, there's got to be fire somewhere. I just couldn't figure out where to shoot the hose and, therefore, developed what has come to be known as the suspend-and-review process. That is a prudent process. Julia will go through some of the specifics, because she is the point person on that, but let me give you a couple of outlines here.

The suspend-and-review process, if you will, in the whole context of what we're trying to do with Federal buildings, is a short-term action. We understand the high sense of urgency, because there are things in process, and it's very difficult to stop a moving train for very long and not have problems. So we do recognize that. But it is short-term. Even in the short term, though, to some of the points made by the Senators, not all things are treated the same.

The building programs that we have in front of us include Federal office buildings; they include Federal courthouses and they include special purpose buildings. Now, each of those tend to march to some different drummers, so to start with we're looking at those in some different ways, and Julia will talk about that.

When I see a President asking that we reduce the Federal work force by 250,000, it doesn't take too much of a leap to say that in a macro sense, we probably don't need any net new addition of office space. That's the macro sense. That doesn't mean in any particular city or town or area we might not want to acquire some new office space or build some new office space if it is done to reduce other office space which is more costly.

So we may well recommend additional office space where we can come to you and say, "To do this, it will save this much money, because we're going to collapse out of here, there, and here, and that is more costly."

Courts have a different dimension to them, and I'm so pleased that Judge Broomfield is here with us today, and Julia will talk a little bit, and I'm sure he will, about a partnership that we have formed with the courts where we're reaching out to each other, I think for the first time. We are trying to take a prudent, rational approach to the issue of Federal courts, their costs, and their majesticness, which still should remain.

In that regard, Senator Reid, on your comment on quality, in my business experience, real quality always costs less. So I'd presume we're going ahead with many of these plans, and what you will get is not only less costly buildings, but they're going to be better than they were before as well. Quality is less expensive, real quality, than otherwise.

You asked, Mr. Chairman, that we talk about maybe some things which you might help with or how we could move the process forward. There are three areas, and we will talk about these later in questions and answers, that I'd like to think about. One is the issue of scoring and capital budgeting: the two are connected.

You'll see in the NPR Report that there is a recommendation which I wholly endorsed and help add that the Government consider adding a capital budget process to its operating budget its cash outlay processes. It is that process which I think would make the scoring that was put in a couple of years ago unnecessary, because that would address the real core issue, and that is, what is a sensi-

ble longer-term plan, what will it cost us in the long term, and does it make sense to do the projects?

In the short term, the end result of the suspend-and-review process is that we will come back to the appropriate committees, and we will recommend what we think is the proper decision financially, regardless of what a scoring rule says. So in the short term, you will get, or whoever is on those committees, to make the decision based on the alternatives that are most effective. We will not take away from you the opportunity to make that decision simply because something doesn't fit in some rule.

We have just signed, Julia and I, a pledge, and so have hundreds of other GSA people, which is a common sense pledge. It says we're going to challenge and fight any rule, regulation, or legislation that doesn't make common sense. So we'll come back to you in the short term with that.

I'm optimistic. I think that the mood that I find with the Congress and, obviously, with the administration is one that does want proper change. We have a high sense of urgency on the near-term issues of the buildings that are planned, and we are very optimistic about some long-term approaches that we'll be taking that really strike at the core, so we're not sitting here three years from now going through the same kind of a situation. They have to do with the philosophy of asset management, portfolio management, which Julia will talk about in a second.

So thank you very much. We're very happy to be here and look forward to working to with you. I'd like Ms. Stasch to make some comments, if that's all right with you, Mr. Chairman.

Senator METZENBAUM. Before Ms. Stasch makes her comments, the ranking Member of this committee has joined us, and he's been very supportive and very helpful to us in this entire effort and direction.

Senator Chafee, is there anything you care to say at this time?

OPENING STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

Senator CHAFEE. No, Mr. Chairman. I'm not a Member of the subcommittee, but I did want to just come by and see the process of your deliberations. I want to commend you, Mr. Chairman, and the other Members for having put this together, including, of course, Senator Simpson.

I think the point that Mr. Johnson made that every time something goes wrong, a new rule is imposed—I'll never forget when I was in the Pentagon, the Chief of Naval Operations said something to me I've never forgotten. "When something goes wrong," he said, "it doesn't mean you ought to change the rules everywhere. Maybe you ought to change some people." The plight that I think Mr. Johnson has pointed out is that they now have so many rules, many of them imposed by Congress, I might say, and perhaps by this committee, that they are delayed in doing anything and sometimes prevented from doing anything. So I know, Mr. Chairman, that you have indicated to Mr. Johnson that you'd like to hear from him how we could be helpful, and I concur in that.

I think, Mr. Johnson, it's up to you to come forward to us and tell us what are the rules or the reports or the requirements that we've imposed on you that don't meet your common sense proposal. And it isn't just ones for the future that we might be imposing, it's what you are currently laboring under. I know we blithely say, "Well, you've got to have a parking space for all public employees' bicycles." Well, that's a good move and I'm for it, but pretty soon, as we keep imposing these requirements on you, it becomes more and more onerous.

So I think that's an obligation we'd like you to do, at least I would—come up and tell us.

I'm glad to see Judge Broomfield here. He and I have had many a meeting on courthouses. I must say this list that you're reviewing is an imposing one. I see some old familiar ones here, including the San Juan courthouse that I've been down to personally inspect, and I'd be curious what the review is on that.

Again, thank you, Mr. Chairman. I commend you and the other Members of the subcommittee—Senator Smith, Senator Faircloth, and Senator Reid—who are pitching in and trying to make some sense out of this very expensive and difficult problem.

Senator METZENBAUM. Thank you very much, Senator Chafee.

Ms. Stasch, we're very happy to hear from you, and as I said previously, I commend you for one of the first steps you made when you came in having to do with computation of space so that Federal contracts could be compared with the local footage basis. We've had some real misunderstandings on that subject, and I think you've made a big step in the right direction.

Ms. STASCH. Thank you very much, and thank you for those compliments. I hope that our quick action on the change to a common language between the Federal Government and the private sector with respect to rentable square feet will prove to you that we can turn our words into actions pretty quickly.

Senator METZENBAUM. And can you do the same with respect to purchases? The same comparisons can be made?

Mr. JOHNSON. Are you thinking of real estate, Senator? I don't think we're quite clear on that issue.

Senator METZENBAUM. What I'm saying is what you've done is you've changed your requirements so that if you're going out to rent 300,000 square feet of space, in the past we were told that the local rate is \$40 a square foot and you're getting it for \$30 a square foot or something, or maybe the local rate is \$30 and you're paying \$40, but that's because you compute the space differently—the size of the wall, the corridors, the bathrooms, the elevator space, et cetera.

Now, you then said, "We are changing, Senators," and you met with some of us on this task force to point that out, that change is now in place so that apples can be compared with apples as far as rental space is concerned. I'm asking you, are you intending to make the same change with respect to purchases?

Ms. STASCH. We will be making the same changes. The goal here is the best commercial practices, and the old occupiable square foot measure will be used solely as an internal space assignment tool within GSA. You'll see on prospectuses and other mechanisms for approval and discussion the rentable square foot, the gross square

foot. You'll see the lexicon of the private sector so that you will be able to have the appropriate oversight when comparing what we're doing with the private sector.

This change, which we want to tell you is more visceral than it seemed on the surface, will be fully implemented throughout GSA on December 1st. It's requiring substantial training, it's requiring document modifications, but I think you'll be pleased with the results.

Senator METZENBAUM. Thank you, Ms. Stasch.

Ms. STASCH. I'd like to clarify a little bit the some what superficial discussion of suspend-and-review that has appeared in the press. I'd like to clarify one particular point, and that is the fact that this is a rolling review of projects. As Mr. Johnson says, our goal is to absolutely minimize any impact on delay and, thus, cost. The outcome of that, of course, as I said, is a rolling review, meaning that we are looking at projects on a priority milestone basis. Those projects that are facing impending milestones, such as completion of design and the time to begin to solicit construction contracts, coming up to a closing date on the purchase of land, other types of milestones, are the projects that we are looking at first.

With respect to office space, we are taking a look very closely at reviewing the original justification, harking back to the sentiment that with a very large portfolio of space and a declining Federal work force, is there really any need for any net new office space? We're asking each of the agencies and other potential occupants what their work force will look like after the impact of the executive order. Do they actually need the space that they thought they needed when the project was conceived perhaps two or three years ago?

To the extent that is justified, or modified and reduced, then we want to take a very careful look at where are all of the alternatives in that particular marketplace? Did we look carefully at the potential for buying buildings? I'm confident that are many instances where we did not look carefully at buying buildings because we were laboring under the imperative that leasing was the way to get a project done, and that the scoring rules did not permit us to bring forward a project where purchase might have been the most appropriate alternative.

Once we've satisfied ourselves that all alternatives have been explored and that we are looking at the alternative that makes the most real estate sense, then if it is a new construction project, we want to make sure that we are getting absolutely the best construction dollar available today. Today we are still in a time when construction dollars are at the low end of the spectrum. If new construction is the right thing, we'll want to make sure that the specifications and the resulting bids from the contractors are giving us the best value for the dollar.

When we're looking at justifications for a new facility, be it leased or owned, we've already begun to look at those markets in totality trying to not look at each requirement as a specific, segregated transaction, but trying to look at a major market in its entirety: How much do we have leased now? How much do we have owned? What leases are expiring over what horizon of time, perhaps 10 years? Perhaps the right thing to do is to begin to plan six

or seven years from now for a new Federal facility or a major purchase, beginning to try to look on a much longer horizon. This is the approach that we're going to want to take, particularly in major markets.

After we've completed the review—and, once again, I do want to emphasize this review is going to be fast—Mr. Johnson and I are going to make sure to set aside all the time that's required to make sure that we do not contribute in any way to any delay.

To the extent that projects are justified, appropriately structured and financed, and that was the way that they were brought forward, then we will say that project is ready to move forward. To the extent that a project requires modification or if, in the judgment of today, it's a project that should not go forward, we are going to package recommendations immediately and bring them forward to the appropriate committee(s).

I believe that we will be coming forward with the first results of the review within the next few weeks, and as I said in response to a question from one of the reporters, I anticipate some savings, and I anticipate some savings probably from the very first group of projects that we will be bringing forward. I think that you'll see the fruits of this review within the next few weeks, and then over the next three to six months, as projects come to their milestones, you'll see the fruits of this review as well as the minimized impact on the entire process.

I'd like to say one word about courthouses, and I'm confident that Judge Broomfield will expand on this. We're not looking at courthouses in exactly the same way that we're looking at office buildings. We are not making the same exploration of justification with respect to courthouses. The judiciary is in the midst of a long-range planning process where they are identifying across the country what their space needs are today and what they're going to be over the next decade.

Our only investigation of whether or not a courthouse should be or how big it should be will be those very isolated instances where the size of a courthouse right now is bucks because of an evolving sense of perhaps how many courtrooms and what actual scope of the ancillary facility should be. But with respect to whether or not a courthouse should be built, that is not a question that we are exploring. Our real task here is to see how we are spending our dollars.

There are two components of cost in courthouses, and I think that Judge Broomfield can address some of the things that are the fruits of the U.S. Court Design Guide. One of the things that I'm confident of as well is that the GSA process itself is a contributor to cost. The GSA process of procurement, of design, of program management is cumbersome, weighty, too many people involved in it. We have not been a strong owner, a strong client. We have not managed our professionals in a way to minimize cost. So internal to GSA is an extensive review of the impact of our process on cost, and we will bring that forward in a new partnership with the courts to take a look at what we both bring to an exploration of the costs, with an eye toward bringing the overall cost of the Court Construction Program down substantially so we can afford to build the full program of the courts.

Senator METZENBAUM. Thank you, Ms. Stasch.

The committee will adopt the 10-minute rule. The yellow light will go on after nine minutes, and then the red light, and at that time the guillotine comes down.

Let me ask you, Mr. Johnson, how did you develop the list of 188 projects to review?

Mr. JOHNSON. It was developed by subtraction, Senator. We looked, first of all, at the projects that actually were in construction, where dirt has been moved, and asked Ms. Stasch, "Should we look at those projects, and is there potential to save money there?" The judgment was, in the main, that those projects already under construction would probably cost us more to modify them than it would to do anything else. So we did not put into the purview anything already having dirt moved.

Second, there is a variety of projects that are relatively small, and so there was a dollar cutoff—

Julia, what was that at?

Ms. STASCH. Prospectus-level projects.

Mr. JOHNSON. So only those projects which required the approval of Congress. We may look at some others ourselves. The residual, I think, of those two decisions was the 188. So it was not, "Let's pick 188." It was, "Why aren't we doing them all?" and we then decided we shouldn't do them all for a couple of reasons, and that's what was left.

Senator METZENBAUM. You say your review will take three to six months and that you will consult with Congress on any projects you want to modify or kill. Will you submit a compilation of your work to the Authorizing and Appropriation Committees, or will you submit your recommendations project by project? I'm trying to get some idea how all of this will work.

I'm not suggesting that Congress will want to stop you from going forward. Rather, I'm concerned about the time element. I'm concerned, for example, there's a big hullabaloo about the Atlanta project, a tremendously big office building. I think they think they're going forward. It was a very challenging issue, as far as the Congress is concerned.

Mr. JOHNSON. I think what will happen, Senator, and I want to be a little bit fluid here, is that we will come forward to the appropriate committees, and we'll come forward to anybody who wants to be involved. Obviously, we need to go to the Appropriations Committee, because they're the ones who said, "Spend the money." We will also go to the Authorization Committees. But we'll probably come forward with maybe two to five projects at a time.

That's what it looks like will sort of come out, and we'll just come forward and say, "Here's what we think. This one looks fine to us. We've been through it, and, yes, it was needed, yes, it's the best alternative and looks like it's the lowest cost we could get. This one over here, however, was brought forward and approved as a lease. We think that doesn't make any sense anymore because we've found that we could purchase this facility and, over the life span of the building, save millions of dollars. So we recommend we do that."

Now, which ones they are will be the ones that are closest now to their next milestone. So Atlanta, you mentioned, sir, and that, I'm

sure, will be one in the next few weeks that we'll come forward with.

Senator METZENBAUM. I'm very concerned about the deadline we've set for ourselves for a certain number of GSA projects which are funded in the 1994 appropriations bill. Unless this committee takes action, the projects will go forward as of February 1st. Realistically speaking, we will shut down before the end of the year, and we'll come back somewhere around January 20th or thereabouts, and to do something between that time and February 1st is unrealistic. So my question to you is, when can we hear from you with respect to those courthouse and the other matters that are covered in the legislation that was passed toward the close of the session?

Mr. JOHNSON. When does the Senate recess for the Christmas recess?

Senator METZENBAUM. Well, there's no definite time. Sometimes we recess by Thanksgiving, sometimes later. I think it depends greatly upon the whole legislative process, how fast it moves, how slowly it moves.

Mr. JOHNSON. Julia and I heard this February 1st date and, I think, looked at each other and did not feel that would be a major issue. We think we can have it to you by then. I happen to recognize that you're going to be out—

Senator METZENBAUM. February 1st means nothing to us.

Mr. JOHNSON. Yes, and I have recognized that. I think we'd better work backward, Senator, and get some dates from you, and then we'll come back to you with a specific plan so that this moves forward with that in mind.

Senator METZENBAUM. The last thing I want to have happen is to have these projects move forward because we didn't act fast enough in this committee, and so I'm pushing you as hard as I can on that.

Did I understand Ms. Stasch to say that the determination as to whether certain courthouse projects should or should not go forward will not be made by you and will be left up to Congress?

Was that your statement?

Ms. STASCH. No. My statement was that we did not feel it was in our purview to question whether or not a courthouse needed to be built within a particular locale, and that we were relying on the judiciary recommendation.

Senator METZENBAUM. Well, frankly speaking, we need your help on that, because every judge thinks he ought to have a new courthouse and it ought to be a tremendous building, it ought to be very fancy. Some places it may be very much needed, some places not. This committee does not have the resources to go out and examine the situation with respect to these courthouses that are contemplated in this legislation. But I do believe that this committee has the will if you give us the direction, with logical reason, to deny the building of some of those courthouses or all of them, if that be the case, but we need your people to go out and determine, and you can go out and see and let the local board representatives tell you why and what.

I think there will be other people here from the judiciary aspects of this, but, frankly, many courthouses have been built and will probably continue to be built because some Congressperson or Sen-

ator decided it was something he or she wanted to have to brag about back home.

Ms. STASCH. Well, I think that your comment is appropriate, and I think that in our recent comments to the budget bill we actually did indicate that we did not support several facilities for which the courts had not indicated any need. So I think that you have both of us there indicating the court's long-term plan, and we, GSA, did not feel that there needed to be a particular facility, and that is indicated in our comments to the recent budget bill.

Senator METZENBAUM. Can you tell us more about the review yourself? Are you going to scrub every project to make certain it doesn't including any gold plating? The whole question of what kind of energy used. I mentioned before this question of having 100-pound standards for a building weight. You don't need 100-pound standards in Las Vegas and 70 pounds in Casper, Wyoming, and 60 pounds in Cleveland. It can all be the same, and yet the fact is that some of the buildings are being built—too many—at 100 pounds per square foot.

Great pressure has been brought on me on some buildings, particularly the FBI building, where they wanted 375 square feet for a parking space where the standard throughout the entire country is 300 square feet. They also wanted dual ramps, which is a total absurdity. FBI agents don't run out of their building with such rapidity.

Some of the things are things that we don't have the professionalism to look at, and we haven't been able to look to the GSA to get that professionalism in the past. Are we going to be able to get it with respect to some of the projects that are being contemplated?

Mr. JOHNSON. Yes, sir.

Senator METZENBAUM. The National Performance Review suggests inexpensive Resolution Trust Corporation properties and military bases slotted for closure as possible places to put Federal workers. Is GSA working with other Federal agencies to determine the feasibility of placing workers in such properties, and could any of these alternatives be used as supplemental courthouse space or even as courthouse space with some modification?

Mr. JOHNSON. Let's talk about RTC for a second. We met with the RTC people and believe we're getting good cooperation now. We will be asking, when we come in here a little bit later, for some enabling legislation that formally gets us in the process. We'll be asking that we be put into the process so that we can get a look at it before it just goes out to bid so we have some idea of what's going on, and then we're going to be asking for some other language that will allow the GSA to come in and make appropriate bids on a right-of-first-refusal basis. So RTC, yes.

On base closures, we're in that process. I'm sure you know, Senator, there's a whole series of cascading interests which get a crack at those bases before they would get to us, but we're certainly involved in that. As those facilities become available—and in our asset management review, we're also identifying where they are and keeping those in front of us and always will ask the question, "Well, if you need this building in California, what about the El Toro base? Is there anything available there?" So, yes, that will be involved.

Senator METZENBAUM. Page 98 of the National Performance Review states, "The Government has many potential sources for office space without buying anymore buildings." I know GSA wants to see budget scorekeeping rules changed to enable the agency to purchase buildings or at least enter into lease purchase arrangements. How does GSA's desire to change scorekeeping rules to provide more flexibility stack up against the performance review report's recommendations to stop buying buildings?

Also, are you aware of what Senator Simpson referred to, and that is that he understands there is some change in the scoring process? I've been trying to find that out but have been unable to reach either Mr. Gore or Mr. Panetta in the last day or two. But is there something in the works to change the scoring rules?

Mr. JOHNSON. Yes, I believe so, Senator. Let me explain as best I can what happened in that process. It's a very important discussion, although detailed. During the NPR deliberations, it became clear to me that the scoring rules were in one way or another affecting building decisions and, in some cases, probably adversely. We had quite a discussion—I'll leave it with the word "discussion"—with OMB people about that situation.

As I went into it in a lot of detail, the Vice President asked me to chair meetings and to "referee" that discussion. I discovered that the scoring rules themselves, *per se*, were probably not the problem. The problem ran to a deeper issue, and the problem ran to the fact that once you got to a point of making a decision on a building whether to lease or buy, the scoring rule may have favored a lease, but the problem was, even if you took the scoring rule away at that point, there was no money to purchase.

So the issue really ran to the planning process. How do we get to Congress an appropriate process that says you should put enough money in the budget to purchase properties? It then ran to the question of, "Well, why don't we have a capital budget or a capital plan?" Lots of discussion on that, lots of arguing ensued. I was told by some people that you can't let a Federal Government who can print its own money have a capital budget. I reject that. In business we've used capital budgeting for a long, long time, and there are plenty of rules that prevent misuse of capital budgeting.

In the NPR proposal, therefore, is a section which suggests and recommends that the Federal Government add a capital budget planning process—add it, not substitute it—to the annual operating budget and the cash outlay budget. This agency is moving forward with the assumption that these will be put in place. So we'll be coming to you, once we get through this short-term review, with plans for buildings over a longer period of time. Julia alluded to that.

For example, in Washington, which has a lot of uniqueness to it in terms of buildings and architecture, we've begun to look and say—Senator Simpson said there's about 40 percent purchased and 60 percent rented in this city. That's the number we'll use here. So I'd say, "Well, when is that 60 percent going to come off rent?" So we do have a picture of that now. I've asked professionals, "What is a good mix of lease and rent for this particular city? It's unique. We assume the Federal Government's going to be here for quite a

while, so that isn't an issue." Maybe you don't always want 100 percent owned, because you want some flexibility.

Let me just hypothetically say I'll be told maybe that's 80 percent. So we'll come to you and the appropriations committees with a program that says, "Here is a way to get to roughly 80 percent over the next five or six years or ten years. We maybe could purchase some of these buildings we're already leasing, and we could save this amount of money if we did that." So we'd recommend that you allow us to proceed with planning on that basis.

There may be some land still available in the town, and we may come to you and say, "We think it makes sense to buy this land. Even though there is no specific need for it at the moment, it's in the best long-term interest to do that," and we'll say, "Therefore, Congress, we suggest that you put in the operating budgets over the next several years these assumptions that we will purchase. Put them in there, put their depreciation in there, and in the cash budget, which is the outlay budget, put the cash effect of those in that plan."

I'm not going to ask you, and I don't in my own companies, to approve those spending plans right then. That's a planning tool to be put in the planning budget. We'll then come back to you specifically with individual projects, at which time they must stand on their own two feet, but they also would have to stand the test that they fit into some overall plan. We keep bringing to you, it seems to me, ad hoc, over-the-transom, one-at-a-time transactions. I don't know how you can make a common sense decision when we keep bringing them to you a piece at a time.

Right now, though, there is no vehicle financially for us to bring that forward. If you will change the process to allow a capital budget, I think you will facilitate for yourselves a much better tool to be able to look out and make prudent decisions. If we did that, scoring, by definition, disappears.

Senator METZENBAUM. I think you're making some progress, and we'll be interested in the development.

I'm going to excuse myself for a few minutes and ask Senator Simpson to preside. I won't be gone long. I must go to another meeting upstairs.

Senator SIMPSON [assuming chair]. Here's my chance. I've been waiting for years.

[Laughter.]

Senator SIMPSON. Thank you, Mr. Chairman.

I am not a Member of the subcommittee, but I am a Member of the task force, along with Senator Metzenbaum and Senator Boxer, so I very much appreciate sitting in today, and I have appreciated talking with you and Ms. Stasch.

I think that's helpful when you describe the situation with regard to scoring, but it is more helpful to know that we know that that's been happening, and we didn't before. Senator Metzenbaum is absolutely correct when he says that we are going to expect an awful lot of you, as the new administrator of this agency, which has sorely lacked someone like you to delve and dig into it without being numbed by the possible political consequences.

You've indicated that you have visited with some legislators and told them that it wasn't going to be the old game, or if they pick a

building and say, "There's a marvelous thing there and we want you to support it," that you have challenged that. Have you done that in the face of an actual human legislator?

Mr. JOHNSON. Yes, sir.

Senator SIMPSON. And what did they say to you or, anonymously, one or two of them say to you when you said, "No, I'm not going to go through that anymore"?

Mr. JOHNSON. Well, I think you know as well as I, Senator, that there are things that a Congress can do or a Senate committee can do to help persuade someone like myself, such as affect their appropriations, et cetera. But, "Gee, that might be a good idea, too, so if they reduce those, we might save some more money" was my response.

Senator SIMPSON. So when they said, "Do you realize what we can do to your appropriations?," you said "Well, go ahead."

Mr. JOHNSON. Yes, sir.

Senator SIMPSON. It was a shocking thing, wasn't it?

Mr. JOHNSON. I guess. I don't know.

Senator SIMPSON. It would be to them. That's the power of the purse that we hold, and that's how section 11(b) is retained. Do you intend to revisit that and make some recommendations to the Congress with regard to that peculiar section?

Mr. JOHNSON. Yes. I don't know the genesis, but that really causes a great consternation inside our organization, because they tend to come over the transom, Senator, and they're out of context with any kind of a plan, and our people scramble to try to understand what's going on, and yet, as I understand it, we have very little to say about it. It will just be brought forward anyway, and it shows up in an appropriations bill. So we're going to go back inside that. I don't know its genesis, but it doesn't seem to make sense.

Now, on the other hand, I suppose there has to be a way for someone in Congress to bring forward some legitimate need that hasn't otherwise been identified. We're going to try to make our planning process very open, though, so that Senators and Representatives know what's going on, that there's a specific way for them to come to us continuously, or their staff, and ask us to evaluate this or that. So the amount of surprises should be minimized.

Senator SIMPSON. I think that's what we require. We're not trying to prevent our colleagues from selecting public buildings, but we all have to be involved in it. The House has used this process much more. There was a House staff person over there—he's gone now—who was there for 30 or 40 years, and he ran the shop, the Little Shop of Horrors. He did that. He's not there any longer. The Senators have done that, too. But as I understand it, they're entitled to do that, they're entitled to make recommendations, but they're not entitled for the rest of us to cease our oversight activity. Isn't that your—I mean, that's not in your province—

Mr. JOHNSON. Yes, of course. Of course.

Senator SIMPSON. —but we're going to have to do that. I would think the employees of the GSA—and there are many fine people there; I've met many of them in my 14 years—must feel a rather soaring sense of enlightenment, a glimmering of true oversight coming from you.

Mr. JOHNSON. I think so, Senator. I've been pleased with the reaction of some of the things we've done. I find our people no different from what I found in private business. In the main, they're honest, hardworking, and want to do what's right. So they see us now taking some actions that they hope will allow them and their professional judgments to be better heard and more effective.

Senator SIMPSON. Well, you've pleased me greatly about the scoring aspects. I know that sounds arcane to most, but it is not. It pushed us toward leasing when we were all agreed in the early 1980's that we would go toward owning, and it was done subtly, and I didn't even know what was up. I must admit that I have other tasks, but Senator Moynihan and I were involved in that, and to see what's happening—

And then I notice in this list of the 188—and I think it's great that you called time out on all of these, but in this great list of the 188, I was looking at Washington, D.C. on the last three pages, and I see that 24 of these are leased and 12 are construction. So there's 50/50 right there. There's no excuse for that. As long as I'm on this committee and serve with Senator Metzenbaum and Senator Boxer on this task force, we're not going to allow that to go forward.

I'm looking at the requested leases and where they are all over the city. Who made the site selection? How is that done? What are the pressures that come from that?

Mr. JOHNSON. As long as you're within 10 feet of the White House, it's OK with most people.

Senator SIMPSON. I see. And, of course, you have to be able to see, don't you? I mean, you must be able to see the Monument?

Mr. JOHNSON. Within sight of the Washington Monument, yes, would be good. The Lincoln Memorial is OK.

Senator SIMPSON. Or else you can't possibly work productively.

Mr. JOHNSON. No, sir.

Senator SIMPSON. And you can see that the fellow below you has a better window than you, so you go to another building three blocks away or something. Who makes those decisions? I mean, that's what's done here.

Mr. JOHNSON. I think Julia did all that.

[Laughter.]

Senator SIMPSON. Well, I hope we can get away from that.

I've been through this with the NRC. They were going to be in Maryland. Then the representatives from Maryland would come, and they were going to go to Virginia. No, they were going to come to the District of Columbia, and then the District officials would come here, and the heat was on. I've seen that with the NRC. I've seen it with every agency.

But there have been so many complaints about the mission of the GSA. I don't think there is one of us in Congress who hasn't dealt with some citizen who comes up to us and says, "We've learned that if you want to make real money, deal with the GSA. They pay top dollar. It doesn't matter what it is. They've got it, they'll find it, and they'll say that they're serving the agency." I want to ask you a question. Is the job of the GSA to "serve the agency" or is it to serve the taxpayer?

Mr. JOHNSON. Well, Senator, of course it's to perform the tasks you give us in the best interests of the taxpayer first, but also in

the balanced best interests of other constituents. So it's like any other decision. You trade off in a balanced interest. Now, the taxpayer is the owner and is the shareholder in my balance. He is the person that I'm here to make sure gets the best value possible. Having said that, then you do the best you can for the other constituents. But he's primary, or she.

Having come here recently and being a much larger contributor than I was when I was in California, I have a particular personal interest in that, too.

Senator SIMPSON. Well, we need to be more involved in the approval process. We need to be involved in the oversight that the task force is going to work toward. We're not there to bash the agency, to embarrass the personnel that work there, but we are there to try to uncover these extraordinary layers of what has happened there. And forget partisanship. As I say, some of the most egregious ineptitude occurred during early Administrations with an administrator I think was incompetent.

So here we have this agency, and we're not there to bash it, but things like the 11(b) process, things like embargoed reports—I'll ask the GAO person that. But we all have to work together, and I admire what the Vice President is doing here. It's very important on this reinventing government, and it couldn't work if the White House were still in the Republican camp and the legislature were in the Democratic camp. Now everybody's paying attention, and nobody can go off and say, "Oh, God, do you see what those Republicans are up to?" I'm ready to go. I'm ready to go walk that walk, and I think it's very important that we're on the right track and that you are there.

So you're going to have to give us priorities. We'll expect that. You said you would do that in July, and if you can begin to furnish that, you're going to help us with why a building should go into Atlanta that's going to cost \$500 million or \$600 million or \$700 million. That's absolutely absurd. Or one in Philadelphia or the courthouses in Wyoming. We built a modest courthouse, but we don't have a judge for it. We'll try to resolve that, of course. But that all just comes.

So we're here to get a handle on it, and you're here to help us, but we are going to really put some tremendous responsibility on you and your fine staff and count on—I feel very heartened by what I see, the prospects of it, and I thank Senator Boxer for her courtesy, and Senator Faircloth.

Mr. JOHNSON. Thanks, Senator.

Senator BOXER. Are you chairing this?

Senator SIMPSON. Yes. We're going to first abolish the subcommittee and go on to some new rules and then other things.

[Laughter.]

Senator SIMPSON. No. Howard left me for 10 minutes, and I've finished my work. Lauch was here. Do you rotate party to party? I should perhaps recognize Lauch not in a partisan way, but he's been here even before I was.

Senator FAIRCLOTH. Mr. Johnson, to start out, I want to thank you for leaving the private sector as you did and coming to Government. It's appointments such as yours and people such as yourself that come to Government with something other than a governmen-

tal background that will ultimately make the system work, if it works. I thank you for coming into it.

Mr. JOHNSON. Thank you.

Senator FAIRCLOTH. I'm referring to a specific project, and the EPA and supporters of the project I'm talking about all refer to the Corps of Engineers' cost analysis summary, which recommends building the EPA facility. I believe that the Corps' study is inherently flawed and was intended to be. It does not use realistic numbers. For instance, the Corps' study assumes 2.4 percent inflation for 1993. For 1994 and 1995, they assume a 2.3 percent inflation, and from 1996, for 32 more years, they assume 2.2 percent inflation.

You've been in business all your life. Most of us here with a little age on do not remember 2.2 percent inflation. How many years do you remember 2.2 in your whole business career?

Mr. JOHNSON. Just the last couple of years.

Senator FAIRCLOTH. Since the GSA study is two years old and vastly underestimates the cost of the project, will your agency endorse the Corps' report, or will you go back and make a new study of it?

Mr. JOHNSON. We're going take a look at it. It's in the review process.

Senator FAIRCLOTH. Do you believe that General Services Administration should be solely responsible for producing cost analyses, and why do agencies keep referring to different branches for a cost analysis, particularly if they suspect they won't get the one they want from the GSA? Should this all be done through one agency, the GSA, or should it be as it is now, kind of jumped around?

Mr. JOHNSON. Well, I suppose everyone should be free to do their own analysis, Senator. I think the issue has to do with credibility, and I believe that one mostly gets authority by proving responsibility. So I think some of the work that Julia's done in clarifying confusion here on how we even measure things, some of the work that will continue to be done, will begin to put consistency and a little more confidence in the kinds of estimates that we do. Certainly, I would expect you, or anyone else, being an intelligent person, to look at some other alternatives and check it, just as you've done with that Corps report.

Senator FAIRCLOTH. I went into the ready-mix concrete business in 1951 in construction, so I have watched how, in a number of projects we've worked on, the base figure is nothing but openers. From there it goes straight up.

I should digress just a minute to address one or two things. Senator Reid kept talking about he wanted the expense to stay up so that we would receive all this very fine emphasis on architecture. Well, the first thing he needs to realize is that tacky does not come cheap, and the amount of money you spend on it does not necessarily control the aesthetics of the building and how it will be.

Another thing is Federal courthouses. Every Federal judge wants a courthouse. He is appointed for life. Most of them assume that is into infinity, so in many a crossroads we have built very expensive Federal courthouses, the first marble building in the county. The judge dies, and there sits the courthouse. I think we should stop all Federal courthouses, except in some rare instance, and, when these

judges are appointed in the various and oftentimes small communities, build some sort of joint project. If the courtroom in the local courthouse needs some remodeling or refitting to qualify for a Federal court, then do it. Then if the judge leaves, at least you don't have a useless monument sitting there.

One more question. If the projected cost of a Federal building rises like the one in North Carolina, \$103 million in two years, faster even than the Federal debt, should the GSA be required to run another analysis to see if proceeding with the project is a wise use of taxpayer money? Being in the construction business over a period of years, we see the initial estimate and the cost overruns often exceed the initial investment. Should this thing not be monitored consistently and regularly right up to the time of letting the contract?

Mr. JOHNSON. Of course, Senator, it should, and we will do that, and if something gets that out of whack without you knowing about it, you ought to get yourself a new administrator.

Ms. STASCH. Senator, let me just add one comment. The suspend-and-review process is not solely in and of itself. What it will permit us to do is to take a real in-depth look at the entire process as well. I think the worst thing would be to come out of the suspend-and-review process with evaluations of a number of projects and then continue to do business in the same way that we've done business in the past.

So there will be two outcomes of the entire process. The first will be, as we've discussed, the in-depth analysis and recommendations with respect to 188 projects, and the second outcome will be an evaluation of the entire process by which we go about managing the Federal portfolio and designing buildings and maintaining Federal assets.

So I think that we don't want to have the next administrator come back in however many years and say, "I need to stop everything we're doing to find out if we're doing it right." We'd like to make sure that the need for that sort of suspend-and-review does not occur again.

Mr. JOHNSON. Senator, your comment on the courthouses, I would like to respond to, because I don't think I concur with the specificity of your suggestion. As we get into this thing, there are a couple of issues with courthouses that I understand and many more that I don't, and that's why we have a good partnership here to get at it.

First of all, there really hasn't been a major new court building since the late 1930's, as I understand it. So there's quite a build-up of needs where we have sort of shoe-horned things for quite a while. Second, the Congress apparently has asked the Federal courts to take on more and more responsibility. So the number of judges, except for Senator Simpson's apparently, has just been going up dramatically.

Now, having said those two things, that doesn't mean that the cost of the courthouses themselves, many of the design standards that we've used, shouldn't be subject to review and shouldn't be targeted for some significant reductions without losing the proper majesty for the courts. So I think we can prudently approach the problem and come to some good conclusions and good savings, but I

think, unlike Federal office buildings, there is a pretty fundamental need, in my judgment, for additional courthouses. Whether there have to be every one of them, I don't know, but in the main I think we're going to have to build some more courthouses.

The question gets to be how, where, how much, and how can we do it and take advantage of all the things we now know in the building industries and that we've learned over several decades since we did this before. I think this committee is going to do good work there.

Senator FAIRCLOTH. I am certainly not in a position to, and am not attempting to, and neither are you, debate the need for some courthouses. I'm well aware that we have many, more Federal judges and many more responsibilities in Federal court than there used to be. But in most of these areas, there exist facilities that you could use. But as soon as you appoint a judge—there are exceptions, but most of them want a courthouse. I can think of small communities that have big marble courthouses in them that are, for all intents and purposes, not utilized at all.

I'm sure your agency requests funds for only those projects it considers urgent and worthy. Did the GSA request funds for this project in this year's budget that I'm talking about? Do you know, Ms. Stasch? Have you all requested funds for this EPA project?

Ms. STASCH. I don't believe so, no.

Senator FAIRCLOTH. If you all did not request it, how did it get funded?

Senator METZENBAUM [resuming Chair]: Senator, can you wind up, please?

Ms. STASCH. I've been told that it was added by the House.

Senator FAIRCLOTH. By what?

Ms. STASCH. The House Appropriations Committee added the money.

Senator FAIRCLOTH. That's exactly what I thought. It's totally a political, ambitious program to get a new building built, replacing a 20-year-old building. How many buildings today are 20 years old that we could still use?

My time is up, and I thank you.

Senator METZENBAUM. Thank you very much, Senator Faircloth.

As I mentioned earlier, there is a three-person task force working in this area. One of the pillars of that three-pronged force is Senator Boxer of California, to whom I'm very grateful for all of the time and effort she's put into our work. She's here with us this morning.

Senator Boxer?

OPENING STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. Thank you so much, Mr. Chairman. I am very honored to serve with you. I was very proud that you and Senator Simpson asked me to join you. Maybe it was because I was involved in the \$400 hammers and \$7,600 coffee pots that we did—

Senator METZENBAUM. It's because you're a tiger.

Senator BOXER. And I'm a tiger, in addition. But I feel that I can be useful in helping you save some money here and serve the tax-

payers, frankly, as well as Federal workers in the spirit in which we should be working.

It was interesting, because Senator Simpson said he's got a court and no judge. I've got a lot of judges and no courthouse in San Bernardino that you're probably aware of, Mr. Johnson. They're sitting in modular buildings. So we have needs, but at the same time I'm not interested in building monuments to anybody, and I just want to make sure we do it well.

So I'm not objecting to the pause. I welcome the pause, and I particularly welcome the fact that you're going to move it, you're not going to slow it up, because we do have needs that need to be met. We just want to meet them in the best way possible.

I just want to say that I'm very proud of our new GSA leader here, someone who comes out of my home State and someone who is bringing a very businesslike attitude to this job and is really going to shake things up. I think you need to know you have a lot of people on this committee who are going to help you, because change is very difficult, and there are all kinds of people and forces that resist change. It's not that they're incompetent or mean-spirited, but it's just difficult to change, and all of us know this.

This Administration is pushing us to change in so many ways, and it's going to take a little getting used to, and this reinventing government is pushing many of us to change and reexamine so many things that we did automatically. Well, we can't do things automatically anymore. We just have so many cookies in the cookie jar. We're going broke. We can't do things that we used to do. We can't use the kind of materials we used to use when we built. We can't be as expansive as we once were. And yet we have needs to be met.

Mr. Chairman, I understand you asked about the military bases, and I'm glad that you raised it.

I want to raise it with you, Mr. Johnson, and say to you that we've come into an inheritance, the civilian sector of Government—hundreds of thousands of acres of land, some with buildings, some open, many in our home State. As a matter of fact, we know the pain we're going through and communities that are very frightened of the change. I think we have a golden opportunity in this pause to look at these acres and acres of land, to look at the empty hospitals that we have, perfectly beautiful buildings, to look at incredible land.

In the San Francisco Bay area, Mr. Johnson, the Base Closure Commission is closing four or five bases. Exquisite land. Land that, if you put it up on the market, you could get a lot of money for. The fact is we have an opportunity under some amendments that passed for any Government entity, with the approval of the local government, to get that land for free.

So I think this pause is coming at a very good time, because you've come into this inheritance. Communities don't want to see ghost towns, and if we have some needs and if we can, instead of going out and spending more than we have to, remodel some of these buildings, build new buildings on land we own, I think we can do very, very well.

Well, I have a whole statement here, but rather than read it, I would like to ask if I could put it in the record.

Senator METZENBAUM. Without objection, your prepared statement will appear in the record.

[Senator Boxer's statement follows:]

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Mr. Chairman, it is way past time that the Federal government gets serious about managing its property and cutting costs. We are hemorrhaging red ink when it comes to our building program. That is serious enough but one of the most troubling aspects of this agency is the attitude of the agency. An attitude that I would title "GSA in Wonderland."

This Wonderland ignored new work concepts and modern asset management that could provide real cost efficiencies. For example, there is no government-wide co-ordination or oversight of our huge real estate portfolio of 450,000 buildings and associated land. The GAO has pointed out that the GSA's monopoly in providing office space to customer agencies has left it preoccupied with day-to-day operations at the expense of needed leadership, policy development and oversight.

Yet this does not have to be the case. Through the wrenching downsizing of our defense establishment, we have found new opportunities for many former defense facilities that can be put to real service to their local communities. Similarly, the GSA should see where non-defense federal property could be put to more cost-beneficial uses, exchanged for other needed property or sold.

GSA's narrow view of its role in the federal property management—its lack of strategic focus—has left the taxpayers with a bureaucracy that can count trees but cannot see the forest it needs to manage.

But GSA is not alone in Wonderland. Congress must bear its share of responsibility for allowing the agency, year after year, to continue its insulated, non-business-like practices. There is change in the air. Through the leadership of Sen. Metzenbaum, this committee has signaled its time for real reform. The Vice President's National Performance Review has proposed breaking up the GSA real estate monopolies among other changes that would allot the agency to manage its assets as a true enterprise.

We also have a new administrator who I believe understands the need for change. I look forward to working with Mr. Johnson in the weeks to come as our task force develops its legislative program. We have a real opportunity here to reinvent GSA and close the book on "GSA in Wonderland."

CALIFORNIA PROJECTS INCLUDED IN GSA'S "TIME OUT & REVIEW"

PROJECT	LOCATION	TYPE
Courthouse	Sacramento	New Construction *
Courthouse	Santa Ana	New Construction *
Border Station	Calexico	Repair/Alteration
Federal Bldg. LA st.	Los Angeles	Office Repair/Alteration
Corps of Engs.	Los Angeles	Office Lease *
USGS Laboratory	Menlo Park	New Construction
USGS Bldg. No. 3	Menlo Park	Office Repair/Alteration
Federal Bldg. Cottage Way	Sacramento	Office Repair/Alteration
Federal Bldg.	San Francisco	Office/New Construction
Appeals Court Annex	San Francisco	Court/New Construction
HHS Bay Area	San Francisco	Office/Lease *
IRS	San Jose	Office/Lease
Border Station	Tecate	Border/Repair/Alteration

(* NOTE: projects pending Senate EPW Committee authorization)

Senator BOXER. I would, in the time I have remaining, ask a couple of questions, if I might, Mr. Chairman.

First, could you respond, because I wasn't here before—how do you view this inheritance, coming into these hundreds of thousands of acres? Do you see it as an opportunity for GSA?

Mr. JOHNSON. I sure do, yes. This land is generally adjacent to other good land. It's not remote. It already has, in many cases, good facilities on it. I think with the infrastructure problems we have in the country that run from health to education to crime, major opportunities to take that land and convert it is a major help for the infrastructure problems.

We're beginning to discuss with other parts of the Executive Branch potential partnerships. With Secretary Cisneros, for example. There's no reason why they can't also be worked, Senator, cross-functionally, if you will. So if we can find areas where prisons are needed and maybe a courthouse and maybe in conjunction with entry-level housing, some very exciting programs can come from that. Julia has been active in some of that work in Chicago.

Julia, do you have a comment?

Ms. STASCH. I think that what you should be aware of is that during 1994 we'll be putting in place a sophisticated information technology infrastructure so that when we in the GSA are looking at alternatives for site selection or location of particularly office facilities, we're going to have in that data base all of the assets that are coming to us through the base closures. As result, we'll be able to make the kinds of decisions that are prudent and be able to use the assets in which we've already made major investments in for our new programs.

Senator BOXER. Does that mean you'll do that for these 188 buildings, I hope?

Ms. STASCH. Well, I think we're going to be doing it on a regional level. We don't have our nationwide data base in place, but the first blush of review is being done all at the regional level, and they have been instructed to look at all the alternatives.

Senator BOXER. So let me just make sure I understand. You are taking a timeout to look at 188 projects. Is that correct?

Ms. STASCH. That's correct.

Senator BOXER. Are you, in conjunction with that, going to look at these 188 projects, and if any of them are located in and around closing military bases, do you plan specifically on that 188-building review?

Ms. STASCH. We plan specifically to do that as we look at the question of whether all alternatives were explored.

Senator BOXER. So you will. The answer is yes.

Mr. JOHNSON. Yes. I'm sorry, but I've got to caution that I think with the timing of these reviews that we're doing, the probabilities that something in a base closure would be available, suitable, in a time to meet this need is not very likely. There may be cases where we might come back to you and say, "Well, look, this thing is supposed to start in March, but there's a wonderful alternative here at this base, but it won't be ready for another year," and we might want to suggest that something get delayed. But there's a lot of heat on these particular projects, because they've all been reviewed—

Senator BOXER. I understand that, and I don't want to slow them down. But may I just say, and the Chairman may or may not agree

with this, coming from communities that are looking toward the future, if there's a possibility of a building even if the base hasn't been completely closed, they still could work to accommodate a new use. For example, already bases that were announced two years ago in California, they're ready to go with a particular use.

Mr. JOHNSON. They certainly are right on the alternative radar screen, if you will, as we look at were all the alternatives considered and is there some other better alternative for this building and its location.

Senator BOXER. I have one more question. The GSA in recent years has turned to the design/build alternative where a single contractor handles a project from design to construction, which provides a single point of responsibility for the work. Have you made an evaluation yet, Mr. Johnson, of the use of this concept, and do you think it has particular advantages?

Mr. JOHNSON. Ms. Stasch has been looking at that.

Julia, would you comment?

Ms. STASCH. I've had particular experience with design/build in the private sector. The company that I was previously the president of built a building for the Government, the Metcalf Federal Building, under the design/build approach. I have a particular bias toward it, but I think that I shouldn't let that cloud a real careful analysis of it.

We have some projects that are close to completion which are under the design/build mode, and I want to make sure that is the most cost-effective way. There have been some early studies done within the Public Building Service, and that's going to be a priority when we look at making sure we're doing the right process, going forward, looking at design/build versus traditional. We want to make sure that we're doing it the most cost-effective way and if it is, we'll do it that way.

Senator BOXER. Why do you like it?

Ms. STASCH. Why do I like it?

Senator BOXER. Yes.

Ms. STASCH. Because I think a single point of responsibility is a very important factor in cost containment.

Senator BOXER. Thank you very much, Mr. Chairman, and I really look forward to working with this team, with you and Senator Simpson on our task force.

Senator METZENBAUM. Thank you very much, Senator Boxer, and we're very grateful to you for your assistance.

Mr. Johnson, before we conclude, as Senator Boxer was talking about military bases that were closed, it brought back to my recollection a visit that Senator Simon and I made in the Philippines when they were closing that entire base there, which is really an entire city. As far as I know, it is totally shut down, and there may be some people just maintaining it. It is an unbelievable waste of American dollars to just let it sit there.

My question to you is, I tried to reach Mr. Rouse to see whether or not he could go out and develop this entire facility. And it doesn't need development, because it's there. Everything is in place. But a facility that is closed for one, two, three, or four years is going to go way downhill. What's the GSA doing about that?

Mr. JOHNSON. Senator, just for clarification, are you referring specifically to the Philippines base?

Senator METZENBAUM. Yes.

Mr. JOHNSON. It is off my screen. I didn't realize that was still our land. I thought that had reverted to the Philippines government.

Senator METZENBAUM. I could be wrong.

Mr. JOHNSON. I don't know. As much we have no idea, we'll find out.

Senator METZENBAUM. Would you be good enough to check into it and then let me know? You may be right. It may have reverted to the Philippines, and if that's the case, of course, that's a fait accompli. As a matter of fact, I think you might be right, because I did mention something to the president of the Philippines, and it seemed to me he had some interest, but not too much interest. But I think we ought to check it, because if it is still American property, we ought to be doing something about it.

I want to thank both of you for appearing here today. I look forward to continuing to work with you on an expedited basis, because as I mentioned with respect to the particular projects in the appropriations bill, we must move with dispatch. With respect to the others, as a matter of an obligation to the country, we must move with dispatch.

So you'll be hearing from us, and we hope we'll be hearing from you. Thank you very much.

Mr. JOHNSON. Thank you very much, Senator.

[The list of projects being considered follows:]

KEY TO PBS PROJECT REVIEW DATABASE

o	Region 11	Refers to the National Capital Region
o	FB	Federal Building
o	CT	U.S. Courthouse
o	BS	Border Station
o	PO	U.S. Post Office
o	NC	New Construction project
o	R&A	Repair & Alteration project
o	Special	This refers to a special purpose facility consisting primarily of space such as automatic data processing equipment or motor pool service.
o	Site	This refers to site preparation

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PBS PROJECT REVIEW DATABASE

Region	Project	Project Type	Space Type	Location
2	IRS Service Center	R&A	Office	Andover, MA
2	Courthouse	NC	Court	Boston, MA
2	Multiple Agencies	Lease	Office	Boston, MA
2	Gignoux CT	NC	Court	Portland, ME
2	Cleveland FB-CT	NC	Court	Concord, NH
2	Norris Cotton FB	R&A	Office	Manchester, NH
2	FB 20 Washington Pl.	R&A	Office	Newark, NJ
2	Victory Optical	Lease	Office	Newark, NJ
2	IRS Service Center	R&A	Office	Brookhaven, NY
2	Courthouse	NC	Court	Brooklyn, NY
2	FDA Lab	Lease	Lab	Brooklyn/Queens, NY
2	FB-CT	NC	Court	Long Island, NY
2	FAA	Lease	Office	Nassau County, NY
2	Silvio Mollo FB	R&A	Office	New York, NY
2	Old San Juan FB-CT	R&A	Court	San Juan, PR
2	Char. Amalie Annex	NC	Court	St. Thomas, VI
2	Border Station	NC	Border	Highgate Springs, VT
3	Fallon FB	R&A	Office	Baltimore, MD
3	FB East	R&A	Office	Woodlawn, MD
3	Annex Building	R&A	Office	Woodlawn, MD
3	SSA Operations Bldg.	R&A	Office	Woodlawn, MD
3	PO-CT, 4th & Market	R&A	Court	Camden, NJ
3	Courts Complex	NC	Court	Erie, PA
3	FB-CT	R&A	Office	Harrisburg, PA
3	VA FB	NC	Office	Philadelphia, PA

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IPUS PROJECT REVIEW DATABASE

Region	Project	Project Type	Space Type	Location
3	GSA/USPS	Lease	Office	Philadelphia, PA
3	SSA MAPSC	R&A	Office	Philadelphia, PA
3	Byrne-Green CT Cmplx	R&A	Court	Philadelphia, PA
3	U.S. Attorney's Off.	Lease	Office	Philadelphia, PA
3	Courthouse	NC	Court	Scranton, PA
3	USA FSTC	NC	Office	Charlottesville, VA
3	Federal Building	NC	Office	Beckley, WV
3	Courthouse	NC	Court	Charleston, WV
3	Federal Building	R&A	Office	Charleston, WV
3	IRS Computer Center	NC	Office	Martinsburg, WV
3	FB-CT	NC	Court	Wheeling, WV
4	Federal Building	R&A	Office	Mobile, AL
4	Courthouse Annex	NC	Court	Montgomery, AL
4	IRS	Lease	Office	Fort Lauderdale, FL
4	Courthouse	NC	Court	Fort Myers, FL
4	Federal Building	NC	Office	Hollywood, FL
4	Courthouse	NC	Court	Jacksonville, FL
4	Federal Building	NC	Office	Lakeland, FL
4	IRS	Lease	Office	Miami, FL
4	Courthouse	NC	Court	Miami, FL
4	Courthouse Annex	NC	Court	Orlando, FL
4	Courthouse Annex	NC	Court	Tallahassee, FL
4	Courthouse	NC	Court	Tampa, FL
4	Courthouse	NC	Court	Albany, GA
4	CDC Clftn Raybal Lab	NC	Office	Atlanta, GA

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Region	Project	Project Type	Space Type	Location
4	CDC Clifton Bl Lab 2	NC	Lab	Atlanta, GA
4	CDC Mercer U. Office	NC	Office	Atlanta, GA
4	Rich's Site	Lease	Office	Atlanta, GA
4	CDC Lease	Lease	Office	Atlanta, GA
4	CDC Lab & Off Bldg	NC	Lab	Atlanta, GA
4	IRS Annex	NC	Special	Chamblee, GA
4	CDC Lab (Mercer)	NC	Lab	Chamblee, GA
4	IRS Service Center	R&A	Special	Chamblee, GA
4	Courthouse Annex	NC	Court	Savannah, GA
4	Courthouse	NC	Court	Covington, KY
4	Courthouse Annex	NC	Court	Landon, KY
4	CDE	Lease	Office	Vicksburg, MS
4	FB-PQ-CT	R&A	Office	Raleigh, NC
4	EPA Research Park	NC	Lab	Research Triangle, NC
4	Court Annex	NC	Court	Columbia, SC
4	Strom Thurmond FB	R&A	Office	Columbia, SC
4	Courthouse	NC	Court	Greenville, TN
4	Courthouse	NC	Court	Knoxville, TN
4	IRS Center Phase 2	NC	Special	Memphis, TN
5	SSA District Office	NC	Office	Chicago, IL
5	FAA	Lease	Office	Chicago, IL
5	Dept. of Labor	Lease	Office	Chicago, IL
5	Courthouse	NC	Court	Hammond, IN
5	Bldgs 1, 1a, & 2	R&A	Office	Battle Creek, MI
5	Courthouse	NC	Court	Minneapolis, MN

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Region	Project	Project Type	Space Type	Location
5	FDA	Lease	Office	Minneapolis, MN
5	FDA	Lease	Office	Cincinnati, OH
5	Courthouse	NC	Court	Cleveland, OH
5	Courthouse	NC	Court	Youngstown, OH
6	Parking Facility	NC	Special	Burlington, IA
6	Courthouse	NC	Court	Wichita, KS
6	Courthouse	NC	Court	Cape Girardeau, MO
6	Courthouse	NC	Court	Kansas City, MO
6	FAA	Lease	Office	Kansas City KS&MO, MO
6	EPA	Lease	Office	Kansas City KS&MO, MO
6	Courthouse	NC	Court	St. Louis, MO
6	FB-CT	NC	Court	Omaha, NE
7	Courthouse	NC	Court	Little Rock, AR
7	Federal Building	R&A	Office	Little Rock, AR
7	Courthouse	NC	Court	Albuquerque, NM
7	Border Station	R&A	Border	Santa Teresa, NM
7	VA Annex	NC	Office	Austin, TX
7	Los Tomates BS	R&A	Border	Brownsville, TX
7	FB-CT	NC	Court	Brownsville, TX
7	FB-CT	NC	Court	Corpus Christi, TX
7	525 Griffin St FB	R&A	Office	Dallas, TX
7	Multiple Agencies	Lease	Office	Dallas, TX
7	Border Station	R&A	Border	Del Rio, TX
7	Ysleta BS	R&A	Border	El Paso, TX
7	BOTA Border Station	R&A	Border	El Paso, TX

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PBS PROJECT REVIEW DATABASE

Region	Project	Project Type	Space Type	Location
7	Courthouse	NC	Court	Laredo, TX
7	FBI-CT, Texas St.	R&A	Office	Lubbock, TX
7	Border Station	R&A	Border	Pharr, TX
8	NOAA Lab	NC	Lab	Boulder, CO
8	Bur. of Reclamation	Lease	Office	Denver, CO
8	WAPA	Lease	Office	Denver, CO
8	USGS Lab	NC	Lab	Lakewood, CO
8	New Piegan BS	NC	Border	Babb, MT
8	FBI/PO/CT	R&A	Court	Bismarck, ND
8	Courthouse	NC	Court	Fargo, ND
8	Border Station	NC	Border	Pembina, ND
9	Border Station	R&A	Border	Lukleville, AZ
9	Border Station	R&A	Border	Naco, AZ
9	Border Patrol	NC	Border	Nogales, AZ
9	Courthouse	NC	Court	Phoenix, AZ
9	USFS Admin Office	NC	Office	Safford, AZ
9	Border Station	R&A	Border	San Luis, AZ
9	U.S. Magistrate Off	NC	Court	Sierra Vista, AZ
9	Courthouse	NC	Court	Tucson, AZ
9	Border Station	R&A	Border	Calexico, CA
9	FBI N LA St.	R&A	Office	Los Angeles, CA
9	COE	Lease	Office	Los Angeles, CA
9	USGS Lab	NC	Lab	Menlo Park, CA
9	USGS Building #3	R&A	Office	Menlo Park, CA
9	Courthouse	NC	Court	Sacramento, CA

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PBS PROJECT REVIEW DATABASE

Region	Project	Project Type	Space Type	Location
9	FBI Cottage Way	R&A	Office	Sacramento, CA
9	Federal Building	NC	Office	San Francisco, CA
9	Appeals Ct. Annex	NC	Court	San Francisco, CA
9	EPA	Lease	Office	San Francisco, CA
9	HHS (San Fran & Oak)	Lease	Office	San Francisco, CA
9	IRS	Lease	Office	San Jose, CA
9	Courthouse	NC	Court	Santa Ana, CA
9	Border Station	R&A	Border	Tecate, CA
9	Courthouse	NC	Court	Las Vegas, NV
9	Courthouse	NC	Court	Reno, NV
10	Courthouse	NC	Court	Eugene, OR
10	Courthouse	NC	Court	Portland, OR
10	Pioneer Courthouse	R&A	Court	Portland, OR
10	Border Station	NC	Border	Blaine, WA
10	Border Station	NC	Border	Oroville, WA
10	Border Station	NC	Border	Point Roberts, WA
10	FBI-PO-CT	R&A	Court	Richland, WA
10	Courthouse	NC	Court	Seattle, WA
10	EPA	Lease	Office	Seattle, WA
11	FBI Field Office	NC	Office	Washington, DC
11	White House RDS	NC	Special	Washington, DC
11	USSS Vehicle Facil	NC	Special	Washington, DC
11	USSS HQ	NC	Office	Washington, DC
11	COE, SEFC	NC	Office	Washington, DC
11	GSA HQ, SEFC	NC	Office	Washington, DC

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PBS PROJECT REVIEW DATABASE

Region	Project	Project Type	Space Type	Location
11	SEFC Infrastructure	NC	Site	Washington, DC
11	Main State Dept.	R&A	Office	Washington, DC
11	Federal Building 6	R&A	Office	Washington, DC
11	Main Justice Dept.	R&A	Office	Washington, DC
11	Main Interior Dept.	R&A	Office	Washington, DC
11	Lafayette Bldg.	R&A	Office	Washington, DC
11	Judiciary Center	Lease	Office	Washington, DC
11	FERC	Lease	Office	Washington, DC
11	FCC	Lease	Office	Washington, DC
11	EPA	Lease	Office	Washington, DC
11	GSA Support Facility	NC	Office	Washington, DC
11	OEOR	R&A	Office	Washington, DC
11	ITC	Lease	Office	Washington, DC
11	EEOC	Lease	Office	Washington, DC
11	ICC/Customs Connect	R&A	Office	Washington, DC
11	DOJ Crim. Just. Div.	Lease	Office	Washington, DC
11	1620 L Street	Lease	Office	Washington, DC
11	USDA - 1301 NY Ave	Lease	Office	Washington, DC
11	Union Ctr Plaza N.	Lease	Office	Washington, DC
11	1707 H Street	Lease	Office	Washington, DC
11	Todd Building	Lease	Office	Washington, DC
11	Fed. Election Comm.	Lease	Office	Washington, DC
11	Reporters Building	Lease	Office	Washington, DC
11	De LaSalle Bldg.	R&A	Office	Avondale, MD
11	USDA FB	NC	Office	Beltsville, MD

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PBS PROJECT REVIEW DATABASE

Region	Project	Project Type	Space Type	Location
11	Census Computer	NC	Special	Bowie, MD
11	FDA Lab	NC	Lab	Hant. & PG Counties, MD
11	IRS National HQ	NC	Office	New Carrollton, MD
11	Landover Building	Lease	Office	Suburban, MD
11	Capital Office Park	Lease	Office	Suburban, MD
11	Rosslyn Plaza East	Lease	Office	Arlington, VA
11	Twin Towers	Lease	Office	Arlington, VA
11	Berkley Building	Lease	Office	Arlington, VA
11	EOP	Lease	Office	Arlington, VA
11	PTO	Lease	Office	Northern, VA
11	Dept. of Commerce	Lease	Office	Northern, VA
11	Northrop-Page Bldg.	Lease	Office	Northern, VA
11	Park Center One	Lease	Office	Northern, VA

Senator METZENBAUM. We have two more witnesses, and it's also obvious that there aren't many other Members of this committee who are still present.

I do want to hear from the Honorable Robert C. Broomfield, U.S. District Court of Arizona, and Chairman, Space and Facilities Committee of the U.S. Judicial Conference, from Phoenix, Arizona. I understand that the judge is accompanied by Jerry Thacker, from the Administrative Office of the Courts.

Then we also have Mr. J. William Gadsby—and I'm going to ask him to come to the table as well at this time—Director of Government Business Operations Issues at the U.S. General Accounting Office, Washington, D.C.

What I would like to suggest, Judge—your entire statement will be included in the record, but I wonder if you could deliver us that portion of it that you feel appropriate in a period of 10 minutes.

STATEMENT OF HON. ROBERT C. BROOMFIELD, U.S. DISTRICT COURT OF ARIZONA, AND CHAIRMAN, SPACE AND FACILITIES COMMITTEE OF THE U.S. JUDICIAL CONFERENCE, PHOENIX, ARIZONA, ACCCOMPANIED BY JERRY THACKER, ADMINISTRATIVE OFFICE OF THE COURTS

Judge BROOMFIELD. Thank you, Senator. I thank you for inviting the Judiciary to discuss the NPR recommendations.

As you know, I chair the Judicial Conference's Committee on Space and Facilities. We, the Judiciary, were not involved in the formulation of the National Performance Review, nor should we have been, and we just recently got it, as you have, and haven't made a detailed study or analysis of it, but we have some significant understandings of what's included. They seem positive, and we are positive with respect to it.

As you may recall, the United States Judicial Conference has endorsed the need for real property legislative authorities within the Judiciary so that we can approach the Congress directly. The Conference took that position in 1989, and I'll comment on it later. I note that seems to be consistent with the approach taken by the National Performance Review.

From its perspective, the judiciary is trying to hold down the costs of courthouses. Let me be specific. The Judicial Conference has adopted the United States Design Guide. It did two years ago. That Design Guide is constantly being revised. Just yesterday I appeared before the Conference itself at the Supreme Court, and certain changes were adopted, ones that we recommended to the Conference.

Specifically, we recommended language for the Design Guide that would highlight the need for the court, in its relationships with GSA and building new courthouses, to be cost-conscious and act so in accordance with building needs for the future. We eliminated certain space requirements in the Design Guide. We emphasized the need for shared use of certain spaces in courthouses. We eliminated the need for separate emergency exits from courthouses. That was a tradeoff, because there are security implications for that. We eliminated smoking lounges. A variety of other things were included.

That is an ongoing process. That Design Guide is constantly being reviewed. When the Judicial Conference meets every six months, we have recommendations to it to tighten it up and make it work better.

I'd also indicate that we have asked the various judicial councils across the country, the circuit councils, to follow the Design Guide and not exceed it, and I can report to you almost uniformly that's been the case. The Chief Circuit Judges are doing their best chairing those councils to ensure that the Design Guide is not exceeded.

Now, Mr. Johnson and Ms. Stasch alluded earlier to a sort of partnership, as they put it, and that's correct. We have jointly created an Independent Cost Review Panel. It's made up of architects, engineers, and contractors to try to look at the costing out of courthouses.

Senator METZENBAUM. Would that include a need review as well as to whether or not there's really a need in this community or that community, or have you not addressed yourself to that?

Judge BROOMFIELD. Sir, the cost panel doesn't deal with need. It deals with the process and whether we can contain cost and how we do it. I have already met—I appeared there along with two other judges from our committee. Ms. Stasch was there and a variety of people from GSA. It includes private sector people. It's being done in conjunction with NIBS, the National Institute for Building Sciences, which, as you know, is a congressionally chartered group. We have broken it up into subcommittees, working groups. Those working groups are meeting. They're supposed to come back to all of us, GSA and the Judiciary, hopefully by early October and make some suggestions.

Senator METZENBAUM. I notice you're Chairman of Space and Facilities at the U.S. Judicial Conference. Would that not include the right to help us determine whether or not we need a new courthouse in Oklahoma, or whether you need one in Ohio, or whether you need one in Arizona?

Judge BROOMFIELD. Yes.

Senator METZENBAUM. Because that's, I think, one of our most difficult problems. How do we know whether or not a new courthouse is needed or it's just a matter of self-gratification/ glorification?

Judge BROOMFIELD. Well, I heard a lot of comment about that this morning, Senator, and if there are communities in which judges are requesting courthouses where there is no need, I am unaware of it. I've been on this committee for six years, since its creation by the Chief Justice. I have been its chairman for the past four years. I am unaware of any situation in which a judge has requested a courthouse or court facilities that weren't needed.

Senator METZENBAUM. You know that 17 out of the 24 projects in this bill that passed that will be funded in this year's appropriation bill. Do you know anything about those 17?

Judge BROOMFIELD. Yes, I know about most of them. There were also some other court projects that weren't included that we think ought to be have been included and in due course will.

If I can comment about the Design Guide and the long-range planning approach we've taken, I think it will help fill in some

gaps in understanding about courthouse needs and how we arrive at them.

To conclude with this joint independent cost review panel by the courts and GSA, they made some preliminary suggestions to us that there are things that can be done to save money just by changing the process itself. If nothing else, it can save money, and both GSA and courts are anxious to hear the details on that.

Now, we've talked about cost a little bit, but you've also noted that the name of the committee is no longer the Space and Facilities Committee. It's the Security, Space, and Facilities Committee. Those two committees were very recently merged by the U.S. Judicial Conference. Security is directly related to facilities. It was an internal effort we've made to try to be more effective and efficient both with the question of space and with the question of security. The two are tied together. When it comes to security we have to be vigilant.

You know that a month ago a courthouse in Topeka was under attack. A court security officer was killed, two were wounded, judges and court staff were trapped in the building, some 80 to 100 rounds of ammunition were fired, four bombs were exploded. A year ago, in another Federal courthouse in Chicago, a deputy United States marshal was killed. Some 350,000 items of contraband were taken at the doors of courthouses this past year.

I told you earlier that I've been the chairman of this committee for four years. Mr. Chairman, for two years it was Judge Robert Vance, a circuit judge from Alabama. He was assassinated in December 1989.

Security is a concern that we have to be ever vigilant of, and it's a part of the Design Guide.

Senator METZENBAUM. I think I can say that I speak for all of Congress that we would not be penny wise and pound foolish with respect to the expenditure of dollars for security purposes. I think those are not the dollars that are at issue. The dollars have to do with the gold ornamentation.

Judge BROOMFIELD. Well, I'm glad you mentioned that, Senator, because I'll try to come back to the gold ornamentation, because you won't find that in the Design Guide and in the process that we've tried to undertake to ensure that very thing doesn't happen. That's why there is a Design Guide, and I'll comment on that, if I might, in a minute. The Design Guide is a check on that sort of thing. The Circuit Councils themselves, chaired by the Chief Judges of the respective circuits, are checks on it. The Administrative Office of the United States Courts, just a couple of blocks away, checks on it. The GSA regions are checks on it, and the GSA main office here in Washington are checks on it.

Now, I early on mentioned legislation. You may recall that there was legislation that was introduced by Senator Moynihan and others, co-sponsored by the Majority and Minority Leaders, to give the judiciary certain real property authorities, the right to come to you directly. We see in the NPR recommendations an endorsement of that concept. We hear that in what Mr. Johnson talks about. We welcome that approach. We like the idea of the GSA being opened up to competition in the construction arena, the ability of the Judi-

ciary to directly acquire space, and indeed for the Judiciary to have the ability to maintain and operate some of its facilities.

I quote from the NPR recommendations. It says GSA will "transfer authority to its customers"—we're one of them—"empowering them to choose among competing management enterprises, including those in the private sector." We welcome that. We think the NPR recommendations and the legislation that was introduced by Senator Moynihan two years ago form a potential union for change, efficiency, and cost containment, at least with respect to courthouses, and I suspect it goes well beyond that.

We do think, however, it should be in a statutory form, as you noted at the outset. GSA Administrators come and go, Administrations come and go, and we've been subjected to a variety of rules over the years as we've had different Administrators. We see a breath of fresh air today here. You saw it. I heard it. I hope that stays. With the matter put in legislation, of course, it will.

Scorekeeping rules have been alluded to this morning. We think that's been a real problem. We are excited to see some of the things that appear in the NPR suggestions and the comments made this morning. It seems to me it will permit GSA to take advantage of funding alternatives and to begin to budget in a capital way so that we can have the best, yet the most efficient buildings that can be constructed. From our perspective, that means courthouses or at least Federal buildings in which we're a tenant. We believe it offers the opportunity for competition and an alternative financing method.

We are planning for the future. That hadn't been done for judiciary's needs for a long time—years and years, decades and decades. Our committee was a new committee created by the Chief Justice in 1987. We started in January of 1988. One of the first things we did was decide to plan for the long term. Every judicial district in this country has been mandated by the United States Judicial Conference, through our committee, to come up with a long-range space plan. The courts of appeals in all of the circuits have also. We have gone through about 75 of the 94 districts. We would have been through with all of them by now, except for budgetary constraints. We started with the most difficult ones first. We didn't take the easy ones. They're left for last.

Each of these districts have gone through this planning process. It's one that uses a similar planning vehicle for all the districts, yet it also allows the districts to use their own experience with respect to needs. No project gets past the Judicial Conference or the Judicial Council of a circuit, or the AO without such a long-range plan. The Judiciary has submitted none in that fashion. We have a Design Guide that sets standards for what should be included in courthouses, and as I mentioned, that was developed with the assistance of NIBS, and as I mentioned, the Judicial Councils are adhering to that.

I might also say parenthetically, because it relates to space, we just yesterday got the Judicial Conference to revise and tighten our parking standards for the number of parking spaces our needs will be for future courthouses.

I believe that the approach taken, at least as it affects courthouses, by the National Performance Review recommendations is a

positive one, and to the extent it allows GSA and the courts to develop those projects that are necessary and are needed, as demonstrated, it's a wise and prudent thing to do.

We're committed to working with this Committee. I've appeared before it before and said the same thing. It's always been the case. We're committed to working with GSA to improve the process to make any requested facility by the Judiciary one that is reasonable and cost-effective and efficient.

I've cut short a lot of what I was going to say, Mr. Chairman, but I hope I was within 10 minutes.

Senator METZENBAUM. We appreciate your comments, Judge. I do have a couple questions, and then we'll get to Mr. Gadsby.

I thought I heard you say that all of the projects that are in the appropriations bill are supported by your committee. Did I understand you correctly on that?

Judge BROOMFIELD. I said all the projects that were submitted by the judiciary are ones that have gone through the process I described.

Senator METZENBAUM. Now, some of these were not submitted by the judiciary, or if they were, they came in directly through their Senators or their Congresspersons. Some States have picked up three additional funding requests in this legislation. Well, two States actually picked up two along the way. You've seen the whole list. Does your committee support everything on the list?

Judge BROOMFIELD. I haven't made an analysis of the entirety of the list. Most of them, the ones I'm aware of, have gone through the process that I have described—a plan created by the districts in accordance with the process I described and with the GSA regions. Now, maybe Mr. Thacker can be more specific as to a particular project.

Mr. THACKER. I think all of the projects on the list—and I'm looking at one that we have compiled ourselves, and I assume it's complete—are backed by, hard requirements on the part of the judiciary. There are at least a couple of the projects perhaps where we have some disagreements with how GSA is proposing to satisfy those requirements, but I think the projects themselves in terms of their need are well justified. We'd be happy to talk about those, if needed. We'd need a couple of minutes to prepare on some of them, but—

Senator METZENBAUM. Do you know about the justification? Here's one that cost \$200 million for a courthouse, which seems to me like a lot of money. Some of the other courthouses have much smaller amounts of money. Some are only repairs and remodeling.

Mr. THACKER. Yes. If I could clarify that one point, Senator, the budget estimates that are presented to the Congress are, for the most part, prepared by the General Services Administration as budget estimates, their best estimate at the time of what it would cost to build a particular size building in a particular community.

Senator METZENBAUM. GSA hasn't signed off on several of these courthouses, and I'm trying to find whether you or your committee supports them, whether or not you support everything that comes down the pike in the area of courthouses, whether you turn down any. I just want to know what the evaluation process is.

Mr. THACKER. If we could address your first question, you asked if we supported the cost. I was simply saying that the judiciary doesn't develop the budget estimates that are presented to the Congress. We develop the requirements that are given to GSA to satisfy that are behind the projects, but in terms of the specific dollars amounts—

Senator METZENBAUM. What I'm saying is these were not on the list originally. These were not submitted by GSA, they were submitted by a Congressperson or a Senator. I'm wondering if at that point—

Mr. THACKER. I'm not certain where their budget estimates may have come from.

Senator METZENBAUM. Well, now I'm asking you about the project itself. Is every one of these projects on your list?

Judge BROOMFIELD. I think some of those, if not most of them, were through GSA regional offices, so there are cost figures obtained through GSA regional offices. I'm not sure about all of them. We can do an analysis of that and find out which ones specifically have GSA cost estimates and which ones do not.

Senator METZENBAUM. I'm not asking about the cost. I'm saying does the Judicial Conference, or the committee that you chair, does it support every one of the courthouse projects that's on this list, including those that didn't come from the GSA and, to the best of my knowledge, didn't come from your committee, but instead came from a Congressperson or Senator who said he wanted a courthouse for his community?

Judge BROOMFIELD. I think the fairest way I can answer that is, without an analysis of each one of those specific ones, for the most part, yes, or most of them, yes. Perhaps all of them. I'd have to go over the list specifically and be sure about a particular one, and we're pleased to respond to you with respect to any of them.

Senator METZENBAUM. Would you be good enough to advise us as promptly as possible which of any you don't support, which of any weren't on your list originally and only came on after some Congressperson or Senator added it?

Judge BROOMFIELD. Yes.

Senator METZENBAUM. I'd appreciate that. Thank you.

Mr. Gadsby, Director of the Government Business Operations Issues Office of the GAO.

We're happy to have you with us.

STATEMENT OF J. WILLIAM GADSBY, DIRECTOR, GOVERNMENT BUSINESS OPERATIONS ISSUES, GENERAL ACCOUNTING OFFICE

Mr. GADSBY. Thank you, Mr. Chairman, and I'll offer you two options at this point—I have given you a statement that I can simply summarize very quickly or just have it put in the record as read and receive your questions. Whatever you'd prefer, sir.

Senator METZENBAUM. I think since I have not had an opportunity to read your statement, I'd appreciate your summarizing it. I'm sure my staff has, but I haven't. And if you'd be good enough to just tell us the thrust of it.

Mr. GADSBY. Absolutely.

Mr. Chairman, we welcome this opportunity to appear today to discuss the recommendations of the National Performance Review that deal with GSA's Federal real property activities. Mr. Chairman, the NPR Report concluded, as we did in our 1992 Transition Report on General Services, that GSA should replace its current methods of doing business with new methods based on entrepreneurial and competitive principles. NPR's recommendations apply those concepts to the way GSA acquires, manages, and disposes of general purpose real estate. They call for an end to GSA's office space monopoly, creating a new real estate property asset management enterprise, suspending the acquisition of new net Federal office space, and simplifying procedures for acquiring small blocks of space and for renewing certain leases.

What I'll do is just give you the bottom line in each of those areas.

Senator METZENBAUM. Please.

Mr. GADSBY. With respect to ending the office space monopoly, we support the concept. However, to compete with the private sector for Federal agencies real estate business, GSA must be able to respond quickly and effectively to customer needs and market conditions. In this regard, Congress and the administration need to reexamine and resolve certain constraints and barriers, such as capital investment funding limitations, which has been talked about this morning by Mr. Johnson in the context of capital budgeting, as well as the lengthy prospectus authorization process. Both of these could adversely affect GSA's ability to compete in the new environment.

With respect to the real property asset management enterprise, we feel that creating such an organization is essential to effectively overseeing the Federal Government's enormous investment in real estate and maximizing the taxpayers' return on that investment. But, as with the recommendations I just referred to regarding the monopoly, areas which inhibit effective asset management, such as inadequate management information within the GSA, as well as disincentives to dispose of unneeded or perhaps unproductive property, again, need to be reexamined, and those issues need to be resolved.

With respect to suspending the acquisitions of new net office space, we endorse this concept of a temporary moratorium. However, we feel, and I think it's also been brought out by many Senators this morning, that the moratorium should not be so restrictive or inflexible as to preclude the acquisition of existing buildings if such actions make sense and will save the Government money. And, it shouldn't prevent legitimate agency needs for space from being met.

With respect to simplifying the leasing procedures, as part of the efforts to reinvent support services, NPR recommended the simplification of procedures for acquiring leased office space under 10,000 square feet and renewing existing office space leases. Basically, NPR's report didn't go into a great deal of detail on this. Subject We have work that's ongoing for this subcommittee related to GSA's leasing program in general, and based on that work we feel that the NPR's recommendations have merit. But, they may not go far enough in that it may make sense to apply some reforms, sim-

plifications, and streamlining to the entire program, not just that portion of the program that deals with small amounts of space.

Mr. Chairman, I think NPR has sent a clear signal for action and change related to both Government programs and the underlying principles and processes that guide everyday Government operations. But, however challenging NPR's task was, the harder job, which is basically successfully implementing those recommendations and turning them into reality, lies ahead. Making these changes work will require cultural changes within GSA and a concerted effort to improve performance and really a sustained commitment on the part of the Congress as well as the administration.

Thank you, Mr. Chairman.

Senator METZENBAUM. Thank you very much, Mr. Gadsby. I think that your last statement sums it up very well. The NPR can say a lot of things, but when all is said and done, it's going to be a question of commitment and follow-through and fulfillment of the objective.

I know that GAO is preparing a report on the courts' planning process for determining its space needs. Can you tell us anything about your preliminary findings? How do the courts prioritize their space needs?

Mr. GADSBY. Yes, we do have a report on the court space planning. We have received comments from the courts, and we're in the process of finalizing that report and responding to the comments. That report is being done for the House Public Works Committee.

I'll say that basically there are three problem areas that we found as we did this work with respect to planning for space. The first one related to the fact that districts were not always treated consistently in the planning process as it took place over time. As example, certain criteria related to square feet per person changed or was revised as the process proceeded, and the courts always didn't go back and update their plans. Also, with respect to existing space, it was essentially accepted as a base line for future projections without questioning whether the amount of space was adequate or appropriate in light of the district's current caseloads. The third area simply dealt with technical or statistical techniques which we felt should have been done somewhat differently.

You mentioned the area of prioritization. I think our sense in doing the work was that a lot of work did go into determining needs for different districts, but an area where more could be done would be establishing priorities among those competing needs. Essentially, once identified all needs were believed valid. We didn't see a process for evaluating competing needs and determining priorities.

Senator METZENBAUM. I thank you very much, Mr. Gadsby, and certainly thank you very much, Judge Broomfield, and Mr. Thacker.

Members who are not present or staff is here may submit questions to the witnesses, which will be mailed to you if they do, and those questions and answers will be included in the record. We very much appreciate your cooperation.

The hearing stands adjourned.

[Whereupon, at 12:23 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

[Statements submitted for the record follow:]

STATEMENT OF HON. ROBERT C. BROOMFIELD, U.S. DISTRICT COURT OF ARIZONA, AND CHAIRMAN, SPACE AND FACILITIES COMMITTEE OF THE U.S. JUDICIAL CONFERENCE, PHOENIX ARIZONA

Mr. Chairman and Members of the Subcommittee:

As Chairman of the Judicial Branch's Committee on Security, Space and Facilities, I want to thank you for your invitation to appear before you today to discuss the Vice President's National Performance Review recommendations pertaining to the General Services Administration and the impact of those recommendations on the Judicial Branch. We welcome the opportunity to discuss with you ways in which our Branch is already promoting ideas contained in the National Performance Review. We believe that a full airing of the relationship between GSA and the courts will help realize cost savings for the taxpayer.

Mr. Chairman, as a separate branch of Government, we of course had no part in shaping the Review. I can say that in general terms the recommendations relating to real property services were addressed previously by the Judiciary when the Judicial Conference of the United States endorsed, in September 1989, obtaining independent real property authorities for the Judiciary. We have asked the current leadership at GSA, Administrator Roger Johnson, Deputy Administrator Julia Stasch and Public Buildings Services Commissioner Kenneth Kimbrough, to meet with us to discuss the Performance Review recommendations.

Cost Evaluation

The Performance Review directs Mr. Johnson to: ". . . place an immediate hold on GSA's acquisition—through construction, purchase, or lease of net new office space," and to ". . . reevaluate and reduce the costs of new courthouse construction." There also has been much debate in the Congress about the cost of constructing court facilities.

We have joined with Administrator Johnson in assembling an independent cost panel to address courthouse construction costs. It is comprised of representatives from the private sector who have constructed and designed court facilities. I participated in the cost panel's first meeting, as did two of our Committee members, Seventh Circuit Court of Appeals Judge Michael S. Kanne and Judge Douglas P. Woodlock of the District of Massachusetts.

We are looking forward to the panel's suggestions and can assure you that all recommendations will be discussed and considered by the Judicial Conference's Security, Space and Facilities Committee. Since we do not yet know what they will be, I cannot commit to adopting all of the recommendations that might come out of the panel's deliberations, but can assure you they will be taken very seriously. The panel also felt that we will find that there are a number of things GSA might be able to do as well to modify its existing regulations and processes to reduce the costs of construction without affecting the functionality of the space. According to this independent panel's view, simply streamlining the process will inevitably lead to cost savings.

The panel members will be briefing both GSA and the Judiciary on their findings during the first week in October. I would be pleased to appear before you at a later date to discuss the panel's recommendations. Again, let me assure you that I am committed to working with you and the other Subcommittee members on this important initiative.

I do find it necessary at this time to address one area that seems to crop up from time-to-time, and that surfaced at the cost panel's first meeting. It centers around the need for adequate security design in court facilities.

Mr. Chairman, the Judiciary's *Design Guide* provides for three separate circulation patterns in a courthouse: one for the public, one for prisoners, and one for judges and court staff. The *Guide* also specifies a preference for a single point of entry for the public, security and alarm systems, and anti-ballistic materials in certain areas of a courthouse.

The National Performance Review Report recommends (at page 145) that Federal courthouse security should be improved and states that this recommendation was included in the Report to "address concerns of the U.S. Marshals Service concerning security at U.S. Courthouses." By my reading of this recommendation, it would appear that the Administration supports the need for secure court facilities and recommends that \$24 million in additional funding be provided for implementation.

You might recall the recent incident in Topeka, Kansas early last month in which a court security officer was shot and killed, two others shot and wounded, several

court employees injured, and approximately ten employees trapped in the courthouse. The defendant fired between 80 and 100 rounds and exploded at least four bombs. Given this incident, a similar one just a year ago in Chicago in which another court security officer and a deputy U.S. Marshal were killed, and the fact that over 350,000 contraband items were detected on persons entering courthouses by court security personnel last year, I would urge GSA to work closely with the Marshals Service and the Judiciary prior to making any recommendations on the design of security requirements in Federal Courthouses.

"Time-Out and Review"

On the subject of "Time-out and Review," it seems that a fair number of our projects could be affected. Since this "time-out and review" was an Executive Branch initiative and the methodology to be employed was developed by GSA, I defer to Mr. Johnson to describe how the courts will be affected and how GSA plans to conduct its analysis.

There are some areas I think GSA should examine as part of this review process:

1. *Overhead Charges*. I would hope that you ask GSA to explain to this Subcommittee the overhead charges it assesses its clients. We have found it very difficult to determine actually what these so-called "management and inspection" fees actually pay for; every project seems to include them. But the Judiciary, at least, never is provided with an itemized statement of how these charges have been spent.

2. *Itemized Billings*. The same is true for items that GSA requires its client agencies to pay for on a reimbursable basis. GSA does not provide us with itemized statements for the projects we fund. Therefore, there is no way to verify that the billings actually represent the true costs of the project we have requested. In some instances the funds turned over to GSA can be in the millions of dollars, yet we receive no itemized statements of the actual charges. Because the National Performance Review recommends that GSA compete with others for real property services, we would hope GSA will be providing its potential customers with billings that show the actual charges for the services it renders so that cost comparisons can be made among potential vendors of services.

3. *More Precise Cost Estimates*. We also hope GSA will do a better job of estimating the costs of projects. As a case in point, for about a year GSA had advised us that it would need close to \$8,000,000 for construction of certain items in the new courthouse now under construction in White Plains, New York. This is an amount in addition to the funding provided by the Congress from GSA funds for the project. We had no detailed supporting documentation from GSA that showed how they arrived at the \$8,000,000 figure so we had to repeatedly ask for back-up to the estimate. When we finally received the details, it became quite clear that GSA had overestimated our funding responsibility by about \$2,200,000.

To summarize Mr. Chairman, my point is this—an evaluation of the costs of constructing any Federal office and court space should not be limited solely to reducing the clients' requirements. It should also address how GSA develops cost estimates, what it includes for its own overhead costs, and how its regulations and processes can be either eliminated or streamlined to reduce costs incurred by design architects, builders, and its client agencies. I would hope all of these issues can be addressed without causing delays to projects whose needs are well documented. Some of the projects now subject to this time out and review have been in process for up to three years. One court is holding court in trailers with the security implications that portends. Further delays will simply defer projects to a higher cost in the future. We urge a very quick review.

Transfer of Real Property Authorities

In May 1992, I testified before this Subcommittee on behalf of the Judicial Space and Facilities Management Act. As I stated previously, this proposal was endorsed by the Judicial Conference at its September 1989 session. Senator Moynihan had introduced the bill in November 1991, and we discussed some amendments at the May hearing that simply amplified and clarified some of the sections of the original bill. It was co-sponsored by the Chairman of the full Senate Environment and Public Works Committee Senator Baucus, the Majority and Minority Leaders, Senators Mitchell and Dole, as well as other members of this Committee. Although no action was taken on that bill, it contained virtually all of the recommendations in the National Performance Review Report:

- It addressed the need to give the Judiciary, an independent branch of government, its own leasing authority;
- It addressed the need to break GSA's monopoly on construction and real property services by allowing for competition from others;

- It provided disposition and acquisition authorities;
- It provided authorities to maintain and operate courthouses; and
- It provided for establishment of a fund into which could be deposited all appropriations for the acquisition, alteration, construction, or maintenance of court facilities, and for leasing of space.

I suggest that the bill introduced by Senator Moynihan and its co-sponsors should be used as a starting point from which the Judiciary and GSA could begin implementation of the recommendations contained in the National Performance Review. As a separate branch of Government, I can tell you that the Judiciary endorses a statutory change in the way it handles its real property matters. As you know, the real property area is the only administrative area in which the Judiciary is dependent upon the Executive Branch.

Changes in Scorekeeping Rules

The National Performance Review does address the serious problems currently experienced by so-called budget scorekeeping rules that resulted from the Budget Enforcement Act of 1990. The rules basically preclude GSA from taking advantage of a variety of alternative funding options for construction. Page 111 of the Performance Review Report describes this problem and urges changes that would allow the costs of a fixed asset, such as real property, to be counted in the budget over its useful life, say twenty or thirty years, as does the private sector, and as opposed to the one or two years in which the cash for the project is disbursed to the builders. The Judiciary believes that this change is necessary if it is to manage its real property assets effectively.

Gerald Thacker, the principal person responsible for space and facilities at the Administrative Office of the United States Courts, and I would be pleased to discuss this with GSA and the members of the Subcommittee. We strongly support the concept of amortization of capital projects over the reasonable life of the building.

Need for Statutory Change

GSA at times can be a volatile organization. Its policies change from Administrator to Administrator and from Administration to Administration. When I testified before this Subcommittee in May 1992, GSA strongly opposed the Judicial Space and Facilities Management Act. Here's just one example of changing philosophies at GSA.

Richard Austin, then the Administrator, stated in a letter to the late Senator Burdick, dated only 17 months ago, on April 28, 1992, that the Judicial Space and Facilities Management Act was:

contrary to the critical management role which the agency [GSA] plays with the Federal Government's real property policy, oversight and services. S. 2070 (substitute) would reintroduce chaos and wasteful property management practices as there would be no central management agency in a position to review and evaluate courts' and non-courts' related agencies' needs.

The letter went on to say that:

If passed, the substitute bill would adversely impact GSA's ability to plan for the functional and cost effective housing of the federal agencies and would require the Courts to create a real estate organization to perform functions that would duplicate those GSA presently perform[s]. This organization would compete with GSA in procuring real estate and related services in those markets where such services are the most expensive. . . .

and that:

By statute GSA has a mission and a responsibility to provide space and services to all of its clients; this includes the judiciary as well as the Executive and Legislative Branches. GSA cannot and should not be expected to divorce itself from its responsibilities to one of its clients, as this bill would require it to do.

Of course much has changed since April 28, 1992. We now have a new Administration that has undertaken a complete review of the way the Executive Branch does business. As stated on page 57 of the Performance Review, GSA will "transfer authority to its customers, empowering them to choose among competing management enterprises, including those in the private sector." We welcome this approach, one which now seems to mirror what Senator Moynihan and others sought for us in 1992.

Given the limited tenure of GSA appointees, the Judiciary certainly would request a statutory change to the way real property matters are addressed for the Federal courts. The Judiciary would prefer to submit its space needs directly to the

Congress without an Executive Branch intermediary. Without statutory changes, the next Administration could simply rescind any authorities that might have been delegated to us as a result of the National Performance Review. We understand that the Administration has stated that it will seek necessary statutory changes to implement the National Performance Review proposals—and we support that where consistent with our approach—but we have not been provided with any plans or specific language the Administration might have developed to implement the Performance Review recommendations.

We look forward to discussing with the Administration an orderly and sensible transfer of responsibilities.

Planning and Space Standards

Mr. Chairman, the Judiciary is concerned about costs of courthouses and we believe that proper planning is essential if cost savings are to be realized. Moreover, we are certainly cognizant of the serious budget constraints within which the Congress must work and of the budget deficit facing our nation.

Historically, prior GSA administrations took a somewhat haphazard approach to the facilities needs of the courts, which has in turn led the Judiciary to take a more active role in developing its space requirements. In March 1988, the Judicial Conference approved a proposal that requires each judicial district to develop a projection of its long term space needs using a standard methodology. In the past, GSA would come before your Subcommittee and your counterpart Subcommittee in the House requesting funding for an addition to or renovation of a court facility only to come back as soon as the project was completed with another request to do more work at the same location. In addition, many projects took months or years to complete, resulting in no facilities or inadequate facilities for new judges and staff during that interim period.

We instituted our long range planning process to save costs and to make the process more rational. It was developed to assist GSA and the Congress by looking beyond the very near or "short term." It provides a context within which future decisions can made about the facilities needs of a given location. My judicial district, the District of Arizona, was one of the first districts to develop a long range facilities plan. Mr. Thacker and I would be pleased to discuss the process with you and the other members of the Subcommittee.

The workload and size of the Federal Judiciary continue to rise, not only in numbers of cases, criminally-charged defendants and civil caseload, but in the scope of our jurisdiction as well, as I am sure you are aware. That inevitably leads to the need for more and expanded, safe facilities. There is a price for an expanded Judiciary.

At its March 1991 session, the Judicial Conference of the United States approved a *United States Courts Design Guide* that sets forth standards for construction of Federal courthouses. The *Design Guide* was developed by the National Institute of Building Sciences, a Congressionally-chartered organization. The Institute employed private sector architectural and space planning consultants who specialize in all aspects of courthouse design to assist us with the development of the space standards. Let me assure you that the decisions made about the space standards were not arbitrary ones. Careful thought by the architectural and engineering community was considered at every stage of the development of the standards. In general, the space standards are comparable to those of the Executive Branch. Of course, all organizations have special spaces generic to the mission of their organizations. For the Judiciary, these include courtrooms, jury rooms and jury assembly spaces and various spaces for storage of active records.

Just yesterday the Conference approved a number of changes to the Judiciary's space standards that will help to avoid duplicate types of spaces such as conference rooms and training rooms, to address the need to consider the fiscal implications of design decisions, and to eliminate a requirement for a separate emergency exit path for judicial officers and prisoners. We are always looking at ways to improve and to economize; the *Design Guide* is always being reviewed to look at ways in which cost savings can be achieved.

Finally, I must apprise you of a very recent development in the organization of the Judicial Conference's committee structure. The Conference's Committee on Court and Judicial Security has been merged into the Space and Facilities Committee to form a new Committee on Security, Space and Facilities. I mentioned the security needs of the courts previously. Courthouse security is directly related to facilities usage. The Judiciary is very concerned about security. Of course you remember the assassination of my predecessor as Chairman of the Space and Facilities Committee, Circuit Judge Robert S. Vance, less than four short years ago.

There is a price for security—you have it in the Capitol itself and in this very building. We have it also, in many respects with greater demonstrated need, and we have it in all the courthouses throughout this land. If the Federal Judiciary is to remain the glue—the cement, which upholds the Constitution with unpopular decisions from time-to-time, it must have safe, secure, and adequate facilities.

Mr. Chairman, thank you again for inviting me to appear before you here today. We want to work with you to resolve any concerns you and the other Subcommittee members might have about facilities for the Judicial Branch. I would be pleased to answer any questions you and the other Subcommittee members might have at this time.

STATEMENT BY J. WILLIAMS GADSBY, DIRECTOR, GOVERNMENT BUSINESS OPERATIONS ISSUES, GENERAL ACCOUNTING OFFICE

The National Performance Review (NPR) report concluded, as GAO did in its December 1992 Transition Report on General Services Issues, that GSA's current methods of doing business should be replaced with new methods that are based on entrepreneurial and competitive principles.

In calling for an end to GSA's virtual monopoly in providing office space to federal agencies and resolving GSA's conflicting roles by organizationally separating its governmentwide policymaking and service delivery responsibilities and creating a new real property asset management enterprise, NPR's recommendations address concerns GAO expressed in its Transition Report on General Services and in other products. Although GAO supports these concepts, Congress and the administration will need to reexamine and resolve existing barriers that could adversely affect GSA's ability to compete successfully for federal agencies' business and to acquire and manage real property assets in a more businesslike manner.

With regard to new federal office space, GAO agrees that (1) GSA's building construction program deserves close scrutiny given the planned downsizing of government and current market conditions and (2) there may be opportunities to reduce the costs of GSA's construction projects. GAO endorses the concept of a moratorium on all net new acquisitions of space. However, a moratorium should not be so restrictive as to (1) preclude acquisitions if they would reduce costs or (2) prevent legitimate space needs from being met. Also, GAO's ongoing work suggests that NPR's recommendations to simplify certain leasing procedures have merit but may not go far enough.

The ultimate success of NPR's efforts will depend on how its recommendations are implemented, a task left largely to the agencies and Congress, and whether the recommended changes actually save money and improve government performance. Making these changes work will require, among other things, sustained commitment and cooperation between Congress and the administration.

Mr. Chairman and Members of the Subcommittee:

We welcome this opportunity to appear today to discuss the recommendations in the National Performance Review (NPR) report that deal with the General Services Administration's (GSA) federal real property activities. My testimony summarizes our views on these recommendations and presents some observations on issues that should be addressed during implementation.

As the attachment to my statement shows, we have reported on federal real property activities in a series of testimonies and reports over the past 4 years. We also have work under way on several federal real property issues. My testimony is based on this body of work and our initial examination and understanding of NPR's overall report, recognizing that more detailed reports will be issued later.

Mr. Chairman, the NPR report concluded, as we did in our December 1992 Transition Reports on Government Management and General Services and other reports on the way GSA manages public buildings, that management in the federal government is not good and that GSA should replace its current methods of doing business with new methods based on entrepreneurial and competitive principles. Traditional management principles, that are grounded in centralization and uniformity, may have worked well years ago. But they no longer allow the government to respond quickly and effectively.

NPR's recommendations apply entrepreneurial concepts to the way GSA acquires, manages and disposes of general purpose real estate. They call for an end to GSA's office space monopoly and resolution of GSA's conflicting roles by separating its governmentwide policy making and service provider responsibilities and creating a new real property asset management enterprise. As such, they address issues we highlighted in our December 1992 transition report on GSA and in other recent

products. NPR's report also recommends suspending acquisitions of new federal office space and simplifying procedures for acquiring small blocks of space and for renewing leases. I would like now to discuss our views on the NPR recommendations.

ENDING GSA'S REAL ESTATE MONOPOLY

Since 1949, GSA has had a virtual monopoly over office space and certain other mission-support services. However, tenant agencies have become increasingly dissatisfied with the condition, quality, and cost of their space as well as the length of time it takes GSA to deliver it. Our transition report on general services issues pointed out that as long as this monopoly exists, GSA will lack the incentive and pressure to meet modern needs and standards.

As part of the emphasis on putting customers first, NPR recommended that (1) the president end GSA's office space monopoly and (2) GSA seek legislation, revise regulations, and delegate authority to its customers to acquire various services from new GSA property enterprises, other federal entities, or the private sector. Such competition is designed to lower the costs for federal office space and bring real estate operations closer to the customer agency, which more intimately knows and understands its needs.

We support the concept of ending GSA's office space monopoly. However, to compete with private industry for federal agencies' real estate business, GSA must be able to respond quickly and effectively to customer needs and market conditions. In this regard, Congress and the administration need to reexamine and resolve constraints or barriers, such as capital investment funding limitations and the lengthy prospectus authorization process, that would adversely affect GSA's ability to compete.

CREATING A REAL PROPERTY ASSET MANAGEMENT ENTERPRISE

In recommending the creation of a real property asset management enterprise to separate GSA's governmentwide policymaking and direct provision of office space roles, NPR echoed our longstanding concerns about GSA's conflicting roles and the unbusinesslike way the federal government's vast, valuable real estate assets are managed. Besides organizationally separating GSA's policymaking and service delivery responsibilities, this recommendation is aimed at both improving government-wide asset management practices and better enabling a new GSA service provider enterprise to compete effectively with private industry for agencies' business.

Creating an asset management organization is essential to effectively overseeing the federal government's enormous investment in real estate and maximizing the taxpayer's return on investment. But, as with NPR's recommendation to end GSA's real estate monopoly, barriers inhibiting effective asset management, such as inadequate management information and disincentives to dispose of unneeded or underperforming property, will need to be reexamined and resolved.

Also, NPR's report does not describe how and at what level the separation of GSA's policymaking and service provider roles should be made or where implementing regulations will be developed. Several other countries that have addressed this issue have found that a perception of conflict-of-interest can exist as long as the two roles are collocated in the same agency. Such a perception could affect agency decisions to use GSA as a service provider. Therefore, the implications of different strategies for separation need to be evaluated carefully.

SUSPENDING ACQUISITIONS OF NEW FEDERAL OFFICE SPACE

Historically, federal agencies' rent payments to GSA have not been sufficient to finance identified capital investment needs in new or existing federal buildings. Congress supplemented these payments by \$3.5 billion in 1990 and 1991 to allow GSA to undertake the first major federal building construction program in 20 years, and GSA is constructing several new buildings nationwide. The vast majority of this new construction is for courthouses and related office space to satisfy expanding federal court needs. Since this construction program was initiated in 1990, commercial real estate and financial markets have changed dramatically. RTC, FDIC, and the private sector now have real estate available that potentially could satisfy certain federal office space needs at lower costs than those of new construction. Despite extremely favorable market conditions and interest rates, GSA cannot take advantage of available buildings because of funding and budgetary limitations and its lack of discretionary building purchase authority.

NPR questioned GSA's plans to spend \$4 billion over the next 5 years to construct new federal office space and courthouses. As a part of efforts to cut back on questionable federal spending, NPR recommended that GSA suspend the acquisition of

new federal office space by placing an immediate hold on construction, purchases, and leases of *net* new office space. NPR further recommended that GSA reduce planned space acquisition costs by at least \$2 billion over the next 5 years through aggressive negotiations for existing and new leases and reevaluations of the courts' space requirements and new courthouse construction costs. We agree that GSA's building construction program deserves close scrutiny given the planned downsizing of government and current market conditions and the resulting excess of commercial office buildings that are available for purchase or lease at attractive prices. We also agree that there may be opportunities to reduce the costs of GSA's construction projects. Although NPR's \$2 billion savings estimate seems ambitious, significant savings may be possible.

Therefore, we endorse the concept of a temporary moratorium on all net new federal acquisitions of space. However, the moratorium should not be so restrictive or inflexible as to (1) preclude purchases, leases, and lease-purchases of existing buildings if such actions would reduce the government's overall real estate costs or (2) prevent legitimate agency needs for space from being met. A moratorium should give GSA an opportunity to reexamine building needs from a strategic perspective within the limits of the information currently available.

SIMPLIFYING OFFICE SPACE LEASING PROCEDURES

As a part of efforts to reinvent support services, NPR recommended simplification of procedures for (1) acquiring leased office space of less than 10,000 square feet and (2) renewing existing office space leases. NPR's overall report did not elaborate on these recommended changes. GSA currently pays about \$2 billion annually for leased office space to house federal agencies, and these costs are projected to rise to \$3 billion annually by 2002. Our ongoing work in the leasing area for this Subcommittee indicates that NPR's recommendations have merit but may not go far enough.

NEXT STEPS—SUSTAINED COMMITMENT TO CHANGE

NPR has sent a clear signal for action and change related to both government programs and the underlying principles and processes that guide everyday government operations. However challenging NPR's task was, the harder job—successfully turning these recommendations into a reality—lies ahead. Although we understand that NPR's recommendations will be supplemented by a series of supporting documents, these supporting documents have not yet been released. The ultimate success of this effort will depend on how the recommendations are implemented, a task left largely to the agencies and Congress, and whether the changes save money and improve government performance.

To guide implementation, NPR has gone further than many other review groups of its type. In addition to specific recommendations to save money and improve performance, it established a framework to encourage and facilitate change. Attributes of this framework include developing performance agreements between the president and each of the cabinet heads, establishing performance measures, and creating the President's Management Council. Collectively, these attributes seek to establish a system of incentives and controls to move the government culture toward being more customer-focused, innovative, and less costly.

Although the NPR recommendations can create an environment for change, they cannot guarantee it. Opening up GSA to competition will not make GSA competitive, creating an asset management enterprise and separating it from day-to-day operations will not by itself result in the strategic management of the government's real estate assets, and adopting a moratorium on increasing the amount of office space will not by itself reduce the costs of office space. Making these changes work will require (1) a cultural changes within GSA and a concerted effort to improve its performance and (2) sustained commitment and cooperation between Congress and the administration.

This completes my prepared statement. I would be pleased to respond to questions.

RELATED GAO PRODUCTS

Federal Real Property: Key Acquisition and Management Obstacles (GAO/T-GGD-93-42, July 27, 1993).

Federal Buildings Fund Limitations (GAO/GGD-93-34R, Apr. 5, 1993).

Transition Series: General Services Issues (GAO/OCG-93-28TR, Dec. 1992).

General Services Administration: Actions Needed to Improve Protection Against Fraud, Waste, and Mismanagement (GAO/GGD-92-98, Sept. 30, 1992).

- Federal Office Space: Obstacles to Purchasing Commercial Properties From RTC, FDIC, and Others* (GAO/GGD-92-60, Mar. 31, 1992).
- Real Property Management Issues Facing GSA and Congress* (GAO/T-GGD-92-4, Oct. 30, 1991).
- GSA: A Central Management Agency Needing Comprehensive Congressional Oversight* (GAO/T-GGD-92-3, Oct. 29, 1991).
- Long-Term Neglect of Federal Building Needs* (GAO/T-GGD-91-64, Aug. 1, 1991).
- Federal Buildings: Actions Needed to Prevent Further Deterioration and Obsolescence* (GAO/GGD-91-57, May 13, 1991).
- Facilities Location Policy: GSA Should Propose a More Consistent and Businesslike Approach* (GAO/GGD-90-109, Sept. 28, 1990).
- The Disinvestment in Federal Office Space* (GAO/T-GGD-90-24, Mar. 20, 1990).
- Federal Office Space: Increased Ownership Would Result in Significant Savings* (GAO/GGD-90-11, Dec. 22, 1989).
- Building Purchases: GSA's Program Is Successful But Better Policies and Procedures Are Needed* (GAO/GGD-90-5, Oct. 31, 1989).
- Public Buildings: Own or Lease?* (GAO/T-GGD-89-42, Sept. 26, 1989).

**Committee on Security, Space & Facilities
Judicial Conference of the United States**

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Robert C. Bloomfield, Chm.

November 10, 1993

Hon. Howard M. Metzenbaum
Task Force on Public Buildings
United States Senate
140 Russell Senate Office Building
Washington, D.C. 20405

Dear Senator Metzenbaum:

At the hearing you held on the General Services Administration's plans for implementation of the National Performance Review recommendations, you asked that I provide some information about approval processes for courthouse construction projects. I am pleased to provide you with that information at this time.

In terms of approval authority within the Judiciary, the circuit judicial councils have the statutory authority to make all necessary and appropriate orders for the effective and expeditious administration of justice within the circuit pursuant to 28 U.S.C. § 332(d)(1). Title 28 U.S.C. § 462(b) requires the councils to approve the necessity of a given court "accommodation." Once this approval has been obtained, the Director of the Administrative Office of the United States Courts is required to provide the necessary accommodations. He does so by requesting that the General Services Administration take the appropriate action to provide the space.

After analyzing the projects for which appropriations have been provided in GSA's fiscal year 1994 appropriations bill, all projects have either been through the entire process required by 28 U.S.C. §§ 332(d)(1) and 462(b), an "11(b) study by GSA or otherwise included in the President's budget submittal.



Hon. Howard M. Metzenbaum
November 10, 1993
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As I mentioned at the hearing, the Judiciary is trying to do its part to contain and reduce the cost of courthouse construction. We have joined with GSA in engaging a blue ribbon independent cost review panel to try to identify ways to cut costs. The preliminary proposals of that panel offer direct, precise and practical ways to do so and the Judiciary and GSA will be pursuing those recommendations. It may be somewhat of cliche but I think we are moving to a win-win environment.

Should you have any further questions, please do not hesitate to let Gerald Thacker at the Administrative Office of the United States Courts know. I, too, am available to assist you and the Public Buildings Task Force at any time.

The Federal Judiciary greatly appreciates the efforts of your Task Force as we work together to meet the housing needs of the Federal courts.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Robert C. Broomfield".

Robert C. Broomfield

RCB:lp



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